

CITY OF GOODLETTSVILLE, TENNESSEE

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2013



CITY OF GOODLETTSVILLE, TENNESSEE
Comprehensive Annual Financial Report
June 30, 2013

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Introductory Section



December 19, 2013

Honorable Mayor,
Members of the Board of Commissioners, and
Citizens of the City of Goodlettsville

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City of Goodlettsville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Goodlettsville has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Goodlettsville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Goodlettsville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Goodlettsville's financial statements have been audited by Parker, Parker and Associates PLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodlettsville, for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Goodlettsville's financial statements, for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Goodlettsville was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City of Goodlettsville's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located in the Single Audit Section at the end of this Comprehensive Annual Financial Report.

*A government committed to operating with efficiency and integrity in all we do
as we strive to enhance the quality of life for the community we serve.*

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www.cityofgoodlettsville.org

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Goodlettsville's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF GOODLETTSVILLE

The City of Goodlettsville is located both in Sumner County and Metropolitan Nashville-Davidson County. While more than 50% of the land area of Goodlettsville is in Sumner County, approximately 2/3 of its residents live in the Metropolitan Nashville-Davidson County portion of the City. The City of Goodlettsville is one of five satellite cities operating within the Metropolitan Nashville area. It is approximately 16 miles from downtown Nashville, and is served by numerous major transportation systems including Interstate 65, U.S. 41, U.S. 31-W, and State Route 386.

The City of Goodlettsville incorporated in 1958 and operates under the City Commission/City Manager form of government. The Municipality's legislative body is a five member Board of Commissioners that is elected at-large. Each Commissioner is elected to a four-year alternating term with elections conducted every two years. The Mayor is the ceremonial head of the Municipality and presides at meetings of the Board. The City Manager is the chief administrative officer of the Municipality. The City Manager is appointed by the Board of Commissioners and serves at their pleasure.

The City of Goodlettsville provides a wide range of services which include police and fire protection, the construction and maintenance of highways, streets, and other infrastructure, sanitation services, recreational and cultural services, planning and zoning, and general administrative services. In addition, the City operates a sewer collection system that currently serves 4,530 customers as of June 30, 2013. Sewer treatment services are provided by The Metropolitan Government of Nashville and Davidson County.

Nashville Electric Service and Cumberland Electric Membership Corporation provide electric service to the City's residents and Nashville Gas provides natural gas distribution. Water distribution is provided by Madison Suburban Utility District, the White House Utility District, and Metro Water Services. The City contracts for solid waste disposal and recycling with a private contractor.

The Board of Commissioners is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Goodlettsville's financial planning and control. A staff budget kick-off meeting is held in January each year. In February, the Board of Commissioners conduct two work sessions to prioritize the city's capital needs. Department Heads then are required to submit their budget requests to the Assistant City Manager/Finance Director. The City Manager conducts departmental meetings in March of each year. The City Manager and Assistant City Manager/Finance Director make revenue estimates for the upcoming year. The budget is submitted to the Board of Commissioners in March/April, with a Board of Commissioners Budget Study Session held in April. First reading of the Budget is usually in May, with a final reading and public hearing by June 30, the close of the City's fiscal year. The budget is prepared by fund (i.e. general), department (i.e. police), and object code. Department heads are authorized to expend funds within total departmental appropriations. However, amendments to the budget that change departmental and/or total appropriations require the adoption of an ordinance by the Board of Commissioners. Budget transfers between departments require approval of the Board of Commissioners. Budget to actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The City of Goodlettsville is a growing residential and business community being a portion of the Nashville MSA. The local economy was able to sustain stability through the recent recession and is experiencing moderate growth. New residential development is slowly beginning to rebound and new construction planning and permitting is taking place. Local business was able to maintain through the recession and has recently seen growth with the expansion of employees at Tyson (Manufacturing), Dollar General (Corporate Office) and several smaller office and manufacturing facilities. The population of the City of Goodlettsville has experienced growth from 14,761 in 2000 to 15,921 in 2010. The projected population for the City of Goodlettsville for 2015 is 18,551 (U.S. Department of Census).

This Nashville area, including Goodlettsville, leads the State of Tennessee in economic growth in new business development as well as existing business growth. The Beacon Center of Tennessee ranks the 50 largest communities, on an annual basis, as to their business climate. Goodlettsville is currently (2013) ranked number 11 out of 50 cities for their positive business appeal. This ranking is up from 12 in 2012. Areas looked at for this study include Economic Vitality, Business Tax burden, and Community Allure with subcategories such as violent crime rate, tax rate, population growth, unemployment, median household income, cost of living index and high school graduation.

Though the Tennessee Department of Labor does not report unemployment rates for Goodlettsville, TN the area continues to see below average unemployment rates. The geographical boundaries of Goodlettsville lie in both Metro Nashville Davidson County and Sumner County in Tennessee. According to the TN Department of Labor the August 2013 unemployment rate for Nashville as well as Sumner County is 6.8%. The reported State of Tennessee average is 8.5%, while the U.S. average is 7.0%.

The City of Goodlettsville through the City Manager, Department of Economic and Community Development and various other boards work continually to improve the economic outlook for the future of Goodlettsville and its citizens. Major projects scheduled to aid in future development include a revitalization program for the downtown area as well as an expanded parks and greenway system.

LONG-TERM FINANCIAL PLANNING

The City has numerous capital projects currently funded and under construction. Several of these are: Rivergate Parkway Improvements, Greenway/Bike/Pedestrian Project, Long Hollow Pike Traffic Signalization Project, Local Parks and Recreation Grant Project, Hwy 41/31W Lighting Project, High Mast Lighting Vietnam Veterans at Conference Drive and City-wide Beautification Project. The City approved a \$.23 property tax increase in 2012 to fund projects such as those listed above.

FINANCIAL POLICIES

The City takes a conservative approach toward budgeting revenues in order to lessen the chance of a revenue shortage. This approach will help finance contingencies and unforeseen budget amendments. The City recognizes the importance of a diversified revenue system, and strives rely too heavily on one source. The City routinely reviews its various rates and fees and considers inflation and current market rates.

The City's Board has formally adopted a Fund Balance Policy which indicates that it will strive to maintain an unassigned fund balance in the General Fund in the range of 15% to 20% of operating

expenditures. The City's fund balance has grown over the past ten years, to a current unassigned fund balance \$4,653,957 for all governmental funds. The current unassigned balance in the General Fund of \$4,625,329 represents approximately 40% of the operating expenditures, significantly exceeding that goal. The City's Board will review the policy every four years, and will monitor the fund balance continually throughout the budget year. The City also has a formally adopted Internal Financial Controls Policy and a Debt Management Policy, which serve to further strengthen its overall fiduciary duties to the citizens of Goodlettsville.

ACKNOWLEDGEMENTS

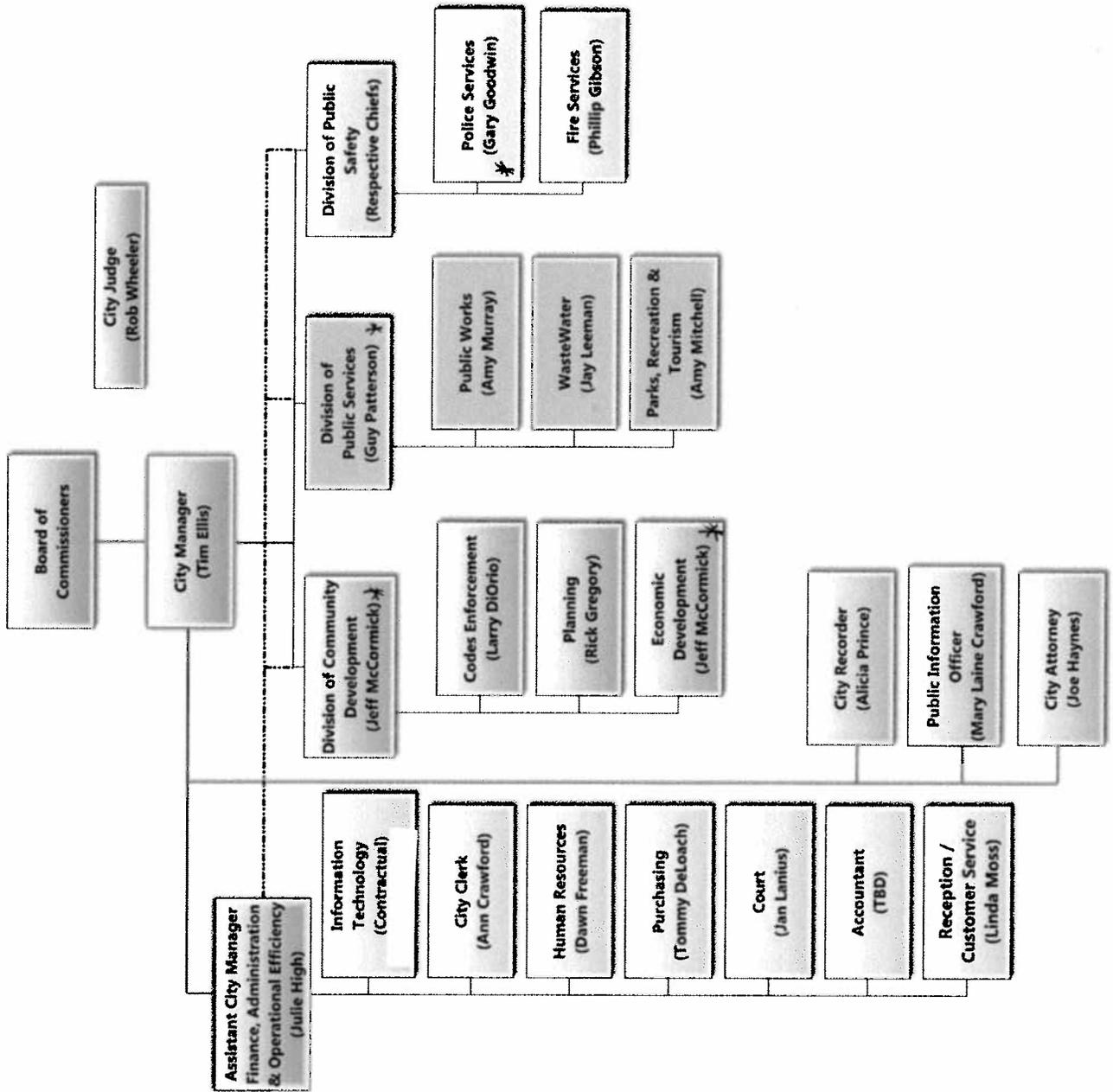
The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, Parker, Parker and Associates. I thank the City Manager, Mayor and Board of Commissioners for their support of excellence in financial reporting and fiscal integrity.

Respectfully Submitted,

A handwritten signature in black ink that reads "Julie High". The signature is written in a cursive, flowing style.

Julie High
Assistant City Manager

CITY OF GOODLETTSVILLE



CITY OF GOODLETTSVILLE, TENNESSEE
Roster of City Officials and
Schedule of Salaries and Official Bonds of Principal Officials
June 30, 2013

		<u>Period of Service</u>
City Commissioners		
Mayor	John Coombs	7/1/12 to 6/30/13
Vice Mayor	Vacant	7/1/12 to 11/8/12
Commissioner	Jane Birdwell	11/8/12 to 6/30/13
Commissioner	Jane Birdwell	7/1/12 to 11/7/12
Commissioner	John Finch	7/1/12 to 11/8/12
Commissioner	Dan Bloodworth	7/1/12 to 11/8/12
Commissioner	Harry Bell	11/8/12 to 6/30/13
Commissioner	Jeff Duncan	11/8/12 to 6/30/13
Commissioner	Zach Young	11/8/12 to 6/30/13
Commissioner - Appointed	Jerry Garrett	7/1/12 to 11/8/12
City Manager	Tim Ellis	7/1/12 to 6/30/13
City Attorney	Joe Haynes	7/1/12 to 6/30/13
City Judge	Robert Wheeler	7/1/12 to 6/30/13
City Recorder	Alicia Prince	7/1/12 to 6/30/13
Chief of Police	Richard Pope	7/1/12 to 1/8/13
	Gary Goodwin	1/8/13 to 6/30/13
Director of Public Services	Guy Patterson	7/1/12 to 6/30/13
Director of Community Services	Tom Tucker	7/1/12 to 3/31/13
	Vacant	4/1/13 to 6/2/13
	Jeff McCormick	6/3/13 to 6/30/13
Director of Finance and Administration, Assistant City Manager, CMFO Designee	Julie High	7/1/12 to 6/30/13
Fire Chief	Phillip Gibson	7/1/12 to 6/30/13
Public Information Officer	Mary Laine Crawford	7/1/12 to 6/30/13

* Salary information has been omitted from this schedule.

** All employees of the City of Goodlettsville are covered under the Property and Crime policy with the TML Risk Management Pool up to \$150,000 crime coverage. The following positions have additional crime coverage under the TML policy:

City Manager	\$150,000
Chief of Police	\$150,000
Director of Finance and Administration	\$400,000

Financial Section

Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
LAUREN S. ALLEN, CPA
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Independent Auditors' Report

To the Honorable Mayor
and the Members of the City Commission
Goodlettsville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodlettsville, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodlettsville, Tennessee, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 6-12 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodlettsville, Tennessee's basic financial statements. The introductory section, supplemental information on pages 39-46, other supplemental information on page 47, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information on pages 39-46 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information on pages 39-46 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, other supplemental information on page 47 and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the City of Goodlettsville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Goodlettsville, Tennessee's internal control over financial reporting and compliance.

Parker, Parker & Associates

December 12, 2013

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2013

Description of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all activities of the City, including general government and administration, public safety, public works, sanitation, parks and recreation, and tourism. The business-type activity of the City includes the sewer operation. The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories-governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental funds; information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the one major fund. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2013

information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-37 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 40 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 39-40 of this report.

In addition, the City has included numerous statistical schedules as required by the GFOA Certificate of Excellence in Financial Reporting awards program. These schedules may be found on pages 48-67 of this report.

The activities of the City of Goodlettsville are accounted for in eight funds: General Fund, Drug Fund, Solid Waste Fund, Tourism Fund, Capital Projects, (Fleet Management – part of the General Fund), Stormwater, and Sewer Fund. In addition, the General Fund is divided into four areas. The Grant, Street Aid, and Tourism sections account for the receipt and expenditure of revenues that are restricted to certain purposes, and the General section accounts for all other General Fund activities.

Condensed Comparative Data.

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and Other Assets	\$ 14,917,013	\$ 9,578,398	\$ 8,466,153	\$ 6,797,100	\$ 23,383,165	\$ 16,375,497
Capital assets	15,917,239	14,378,065	32,458,307	31,836,400	48,375,546	46,214,465
Total assets	<u>30,834,252</u>	<u>23,956,463</u>	<u>40,924,460</u>	<u>38,633,500</u>	<u>71,758,712</u>	<u>62,589,963</u>
LIABILITIES						
Other liabilities	5,796,122	5,076,920	623,267	426,309	6,419,390	5,503,229
Long-term liabilities	7,071,084	2,602,981	10,303,443	14,302,897	17,374,527	16,905,878
Total liabilities	<u>12,867,207</u>	<u>7,679,901</u>	<u>10,926,711</u>	<u>14,729,206</u>	<u>23,793,918</u>	<u>22,409,107</u>
NET POSITION						
Net Investment in						
Capital Assets	11,437,421	11,678,308	22,302,641	18,953,282	33,740,062	30,631,590
Restricted	1,067,326	1,564,421	-	-	1,067,326	1,564,421
Unrestricted	5,462,298	3,033,833	7,695,108	4,951,012	13,157,406	7,984,845
Total net position	<u>\$ 17,967,045</u>	<u>\$ 16,276,562</u>	<u>\$ 29,997,749</u>	<u>\$ 23,904,294</u>	<u>\$ 47,964,794</u>	<u>\$ 40,180,856</u>

CITY OF GOODLETTSVILLE, TENNESSEE
Management's Discussion and Analysis
June 30, 2013

<u>Functions/Programs:</u>	Change in Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services	\$ 1,888,599	\$ 1,616,694	\$ 5,111,824	\$ 4,972,421	\$ 7,000,423	\$ 6,589,115
Operating grants and contributions	546,390	473,505	-	-	546,390	473,505
Capital grants and contributions	163,772	1,492,334	-	-	163,772	1,492,334
General Revenues	11,449,081	10,312,388	306,212	46,350	11,755,293	10,358,738
Total Revenues	14,047,841	13,894,921	5,418,036	5,018,771	19,465,878	18,913,692
Expenses						
General government	2,752,406	3,320,663	-	-	2,752,406	3,320,663
Public safety	5,706,302	5,663,684	-	-	5,706,302	5,663,684
Public Works	1,272,691	1,053,706	-	-	1,272,691	1,053,706
Sanitation	702,779	863,007	-	-	702,779	863,007
Parks and recreation	1,424,710	1,291,967	-	-	1,424,710	1,291,967
Tourism	509,145	383,334	-	-	509,145	383,334
Stormwater Utility	97,702	-	-	-	97,702	-
Interest on long-term debt	42,212	32,329	-	-	42,212	32,329
Sewer	-	-	4,173,995	3,380,407	4,173,995	3,380,407
Total Expenses	12,507,947	12,608,689	4,173,995	3,380,407	16,681,942	15,989,097
Increase (Decrease) in net position before transfers and extraordinary items	1,539,895	1,286,232	1,244,041	1,638,364	2,783,936	2,924,595
Extraordinary Item - Debt Forgiveness	-	-	5,000,000	-	5,000,000	-
Transfers	150,586	110,083	(150,586)	(110,083)	-	-
Increase (Decrease) in net position	1,690,483	1,396,315	6,093,455	1,528,281	7,783,938	2,924,595
Net position - beginning	16,276,562	14,880,247	23,904,294	22,376,013	40,180,856	37,256,260
Net position - ending	17,967,045	16,276,562	29,997,749	23,904,294	47,964,794	40,180,855

Overall analysis.

The City's overall financial condition remained solid during an improved economy in Fiscal Year 2013, with governmental activities revenues and business-type activities revenues increasing from the prior fiscal year. Revenues from governmental activities increased 2% and revenues generated by business-type activities increased 8%. Expenditures related to governmental activities for fiscal year 2013 decreased slightly by 0.8% and expenditures related to business-type activities increased 23% from the prior fiscal year. Net assets of the governmental activities increased approximately \$1.7 million and net assets of the City's business-type activities which is the Sewer Fund increased \$6 million from the prior fiscal year, due in large part to the extraordinary item recorded in that fund as a result of the \$5,000,000 ARRA principal forgiveness. Local Option Sales Tax collections were slightly decreased during the first half of the fiscal year, but the last half saw significant improvements, with the overall collections for the fiscal year being \$30,000 less from the prior year.

Capital expenditures in the General Fund increased in Fiscal Year 2013, as the City completed the two projects funded by a loan with the State's Revolving Loan Fund program that includes \$5 million of American Recovery and Reinvestment Act (ARRA) funds in the form of "principal forgiveness". Those two projects resulted in Phase 5 of the City's Sewer Line Rehabilitation and the construction of a Wastewater flow equalization basin at the Mansker Creek Pump Station. The City also spent approximately \$1,000,000 on transportation enhancements throughout the City, with the most significant improvements made to Rivergate Parkway. Capital dollars were also spent to improve lighting at Moss

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Wright Park and paving the walking trail at Moss Wright Park. The City purchased a street sweeper and replaced several vehicles.

Fund analysis

General Fund - The General Fund is the largest component of the governmental activities. The City relies heavily on local sales tax revenues. The local option sales tax represents approximately 1/3 of the total revenues in the General Fund. The City collected local option sales tax of \$3,919,097 for the fiscal year 2013, compared to \$3,948,557 collected the prior fiscal year, a decrease of \$29,460.

The City ended the year with a fund balance in the General Fund of \$8,022,702; \$288,552 was committed to the Parks and Recreation Department as a result of remaining proceeds due to the fire at Pleasant Green in 2010. \$501,910 is assigned to OPEB (Other Post- Employment Benefits) which is medical insurance benefit for retirees, \$1,996,163 is committed to remaining public works projects funded by the 2013 bond issue; and \$4,625,329 remained Unassigned Fund Balance at June 30, 2013.

Drug Fund - Expenditures in the drug fund depend on the amount of drug fines received and proceeds from seized property, both of which showed typical activity this year. \$17,000 was collected in drug fines during Fiscal Year 2013, and approximately \$12,000 was received due to the sales of fixed assets. Expenditures for drug enforcement activities during Fiscal Year 2012 were \$24,393. In the prior year, the drug fund incurred personnel costs directly related to drug interdiction work. Those personnel costs are now reflected in the General Fund as there are no employees specifically assigned to drug interdiction function.

Solid Waste Fund - The City outsourced its sanitation services to a private contractor beginning in July 2012. The City collected \$765,000 in sanitation fees in Fiscal Year 2013. \$155,600 was received as proceeds from the sales of fixed assets, as a result of the sale of sanitation equipment to the private contractor. The City paid \$637,500 for the contracted sanitation and recycling services for the City. In addition there were other operating expenditures of approximately \$185,000. There were capital expenditures of approximately \$32,000 to replace garbage carts. Therefore, the fund balance in the Solid Waste Fund was increased \$65,753 to \$194,833 June 30, 2013.

Tourism Fund - The tourism fund collected \$442,943 in hotel/motel tax revenue during Fiscal Year 2013, which was an increase of approximately 4% over the prior year. The tourism fund also recorded admission fees and gift shop sales of \$26,572. Other miscellaneous revenues of \$2,072 were recorded as well. Expenditures in the Tourism fund were \$667,922 in Fiscal Year 2013, which included \$245,280 capital expenditures.

Capital Projects Fund - The Capital Projects Fund was established to record construction in progress. Once the capital project is complete, it is then transferred to fixed assets. During FY 2013, the Home Buyout Projects were recorded in the Capital Projects Fund. FEMA Proceeds of \$74,375 was recorded, as was capital expenditures of \$85,294 related to the purchase of the property that was ultimately demolished as a result of the Flood of 2010. Other grant revenue totaled \$152,051 with other capital project expenditures of \$112,728 which included landscape improvements projects, traffic signalization project, and the greenway/bicycle/pedestrian project.

Fleet Management Fund - The Fleet Management Fund was established in fiscal year 2013 to record the accumulation of funds transferred from the general fund for the purpose of acquiring vehicles in the future. The City has dedicated all proceeds from sales of fixed assets in the general fund to the fleet management fund. It is the goal of the City with this fund fully established in three to four years, that funds will be readily available to purchase replacement passenger vehicles without outside financing. The current fund balance June 30, 2013 is \$206,000.

Sewer Fund - Operating revenues in the Sewer Fund increased during fiscal year 2013, as did operating expenditures. Operating revenues increased \$41,000 from \$4,919,000 in Fiscal Year 2012 to \$4,960,000 for Fiscal Year 2013. The Sewer Fund also recorded an extraordinary item-debt forgiveness of \$5,000,000 due to principal forgiveness related to the ARRA and SRF loan. Operating expenses increased 13.5% or \$457,000 from the prior fiscal year of \$3,369,000 to \$3,826,000 the current fiscal year. This increase was partially due to the operations of the Sewer Department being fully staffed all year, as compared to the prior year. The net position in the Sewer Fund was increased \$6,093,455 during fiscal year 2013.

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Budget variances in the General Fund

The General Fund revenues exceeded budgeted revenues by 5% (\$623,022). Most all of the City's revenue sources exceeded the budgeted revenue due to another year of an improved economy compared to a cautiously conservative budget. Total General Fund operating expenditures were 7.7% under budget (\$833,500) with all departments in the General Fund Operating Budget for Fiscal Year 2013 being under budget. Total General Fund expenditures were under budget \$3,720,000 or 23%. Non-operating expenditures were under budget \$2,887,000; with debt service under \$177,600 and capital outlay under \$2,709,000, due to several capital projects being delayed.

Capital asset and long-term debt activity

Capital asset activity included the purchase of an electronic ticket writing software and equipment, 5 police vehicles, a street sweeper and a gradall. The City's two ARRA funded wastewater projects were completed-equalization tank at Mansker Creek Pump Station, and Phase 5 Sewer Rehabilitation. Street enhancements which include the resurfacing of Rivergate Parkway totaled approximately \$1,000,000. Improvements were made to Moss-Wright Park lighting and the walking trail was paved. The City purchased another property destroyed by the flood of 2010 via the FEMA Home Buyout Grant. These grants are 75% federally funded, and 25% locally funded, with the state contributing half of the local funding. This resulted in a 12.5% City share. As a condition to the grant, these properties must be converted to public property. The City completed improvements to the I-65 Exits 96 and 97 which were partially funded by an 80/20 transportation grant administered by TDOT.

The City issued twenty year general obligation public improvement bonds in the amount of \$2,970,000 in 2013 to fund costs associated with the street and roadway enhancements noted above, including street lighting, and the costs associated with the City's portion of an 80/20 grant through TDOT for greenway construction, including any right of way acquisition.

Schedule of Changes in Capital Assets

	Balance			Balance
	June 30, 2012	Additions	Disposals	June 30, 2013
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 4,051,543	\$ 85,295	\$ -	\$ 4,136,838
Construction in Progress	232,470	47,423	-	279,893
Total Capital Assets not being Depreciated	\$ 4,284,012	\$ 132,718	\$ -	\$ 4,416,730
Capital Assets being Depreciated				
Buildings	\$ 7,909,221	\$ -	\$ -	\$ 7,909,221
Improvements	5,614,326	1,450,613	-	7,064,939
Machinery & Equipment	7,955,647	897,602	973,513	7,879,736
Infrastructure	4,912,253	-	-	4,912,253
Total Capital Assets being Depreciated	\$ 26,391,448	\$ 2,348,215	\$ 973,513	\$ 27,766,150
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	-	26,900	-	26,900
Total Capital Assets not being Depreciated	\$ 2,139,071	\$ 26,900	\$ -	\$ 2,165,970
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	4,778,232	422,680	-	5,200,913
Machinery & Equipment	1,310,966	572,861	-	1,883,827
Infrastructure	29,812,776	553,188	-	30,365,964
Total Capital Assets being Depreciated	\$ 40,234,601	\$ 1,548,729	\$ -	\$ 41,783,331

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Governmental Activities

Accumulated Depreciation				
Buildings	\$ 3,571,071	\$ 183,497	\$ -	\$ 3,754,567
Improvements	2,717,246	155,702	-	2,872,948
Machinery & Equipment	7,086,103	364,560	973,513	6,477,151
Infrastructure	2,922,973	237,998	-	3,160,972
Total Accumulated Depreciation	\$ 16,297,394	\$ 941,757	\$ 973,513	\$ 16,265,639

Business-type Activities

Accumulated Depreciation				
Buildings	\$ 1,465,398	\$ 108,339	\$ -	\$ 1,573,737
Improvements	6,095	92,070	-	98,165
Machinery & Equipment	1,030,322	94,444	-	1,124,766
Infrastructure	8,035,458	658,882	-	8,694,340
Total Accumulated Depreciation	\$ 10,537,273	\$ 953,736	\$ -	\$ 11,491,006

Total Governmental Activities, Net	\$ 14,378,066	\$ 1,539,176	\$ -	\$ 15,917,239
Total Business-type Activities, Net	\$ 31,836,398	\$ 621,893	\$ -	\$ 32,458,307

Schedule of Changes to Long-Term Liabilities – Governmental Activities

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 Year
Compensated Absences	\$ 527,682	\$ 433,982	\$ 394,840	\$ 566,824	\$ -
Net OPEB Obligation	1,634,929	577,512	187,999	2,024,442	-
Capital Leases	307,781	1,503,569	415,325	1,396,025	359,980
Notes Payable	126,584	2,970,000	17,781	3,078,803	127,993
Debt Refunding Premium	6,005	-	1,015	4,990	-
Totals	\$ 2,602,981	\$ 5,485,063	\$ 1,016,960	\$ 7,071,083	\$ 487,972

Schedule of Changes to Long-Term Debt – Business-type Activities

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Due Within 1 Year
Compensated Absences	\$ 31,874	\$ 20,387	\$ 22,395	\$ 29,866	\$ -
Net OPEB Obligation	80,828	37,083	-	117,911	-
Revenue Bonds	14,042,332	1,321,205	5,588,947	9,774,590	696,665
Notes Payable	-	286,431	51,417	235,014	46,740
Debt Refunding Premium	147,863	-	1,803	146,060	-
Totals	\$ 14,302,897	\$ 1,665,106	\$ 5,664,562	\$ 10,303,441	\$ 743,405

Other Matters

Fiscal Year 2013 was a year of continued progress toward improving not only the financial position of the City, but also the quality of life for its citizens. The city's sales tax collections remained level, while there was a 37% increase in property taxes as a result in the \$0.24 cent property tax increase adopted May 2012.

The city issued \$2,970,000.00 in tax exempt general obligation bonds at an interest rate of 2.14% for the purpose of completing several deferred capital projects, which included paving, drainage, lighting and greenway projects.

CITY OF GOODLETTSVILLE, TENNESSEE
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The city also purchased several new equipment items through a tax exempt lease purchase at an interest rate of 1.99%. The purpose of purchasing this new equipment was to replace several pieces of old, outdated and costly to operate items.

The city will partner with Metro Nashville Water Services and other users of the Metro Nashville Sewer treatment in order to conduct a sewer rate study as required by everyone's current contract. The results of such study could have a negative impact on future sewer rates within the city.

The city expanded on its utilization of managed competition principal by outsourcing a large portion of the city's mowing services. By utilization of managed competition for this service, the city saves money in equipment, fuel, manpower, etc. This was the second operational task outsourced through managed competition, the first being sanitation.

The city recently completed its second year as a participant in the University of Tennessee Municipal Technical Advisory Services benchmarking program. The benchmarking program allows participating cities to compare themselves with other cities in the state in all operational areas. This allows for the city to determine cost saving measures that other cities may be utilizing.

During Fiscal Year 13, the City Manager filled the positions of chief of police and director of community & economic development due to retirements. Also the finance director was appointed to the position of assistant city manager.

The city reached an inter-local agreement with Metropolitan Nashville in regards to various public services, but one in particular was their willingness to share certain percentages of the Cable Franchise Fee.

The city chose an engineering firm to evaluate and recommend changes to the stormwater utility, including a new fee structure that would adequately fund needed stormwater improvements / repairs. This new fee structure will be implemented during fiscal year 14.

For the first year the city allocated \$206,000.00 in funding for the fleet management fund (effective July 1, 2012). This fund will eventually allow for the procurement of motor vehicles without the need of debt service.

The city continues to utilize lean government principles to identify the most efficient and effective methods in delivering services. One such example is the implementation of e-ticket software in our police department, where traffic citations are now generated by an electronic device that easily populates all information and greatly eliminates the need for ticket input.

The city still struggles with adequately funding the sanitation fund based on the decision to continue operations of the drop-off yard at the current public works facility.

The economic outlook in the city continues to improve. New ownership of RiverGate Mall appears to be very aggressive in their desire to proactively market and recruit new long term tenants. The general interest of new retail and industry throughout the city seems to be increasing.

The city continues to strive to create positive regional partnerships with such organizations as the Metropolitan Planning Organization, Regional Transportation Authority, Sumner County Joint Economic Development Board, Sumner County Council of Governments, Forward Sumner, Metro Nashville Satellite Cities Group and Metropolitan Nashville Government.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,773,491	\$ 7,506,975	\$ 16,280,466
Receivables, Net	5,700,607	1,241,084	6,941,691
Internal Balances, Net	286,431	(286,431)	-
Prepaid Expenses	156,484	4,425	160,909
Deposits	-	100	100
Capital Assets:			
Land, Land Improvements & Construction in Progress	4,416,730	2,165,971	6,582,701
Other Capital Assets, Net of Depreciation	11,500,509	30,292,336	41,792,845
Total Capital Assets	<u>15,917,239</u>	<u>32,458,307</u>	<u>48,375,546</u>
 Total Assets	 <u>30,834,252</u>	 <u>40,924,460</u>	 <u>71,758,712</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	\$ 1,365,327	\$ 623,267	\$ 1,988,594
Deferred Revenue	4,266,915	-	4,266,915
Grant Advance	163,880	-	163,880
Long-term Liabilities:			
Compensated Absences	566,824	29,866	596,690
Net OPEB Obligation	2,024,442	117,912	2,142,354
Current Portion	487,972	743,405	1,231,378
Long-term Portion	3,986,857	9,266,200	13,253,058
Debt Refunding Premiums	4,990	146,060	151,050
Total Liabilities	<u>12,867,207</u>	<u>10,926,711</u>	<u>23,793,918</u>
NET POSITION			
Net Investment in Capital Assets	11,437,421	22,302,641	33,740,062
Restricted for:			
State Streed Aid	250,105	-	250,105
Drug	5,593	-	5,593
Tourism	518,561	-	518,561
Stormwater Utility	98,234	-	98,234
Solid Waste	194,833	-	194,833
Unrestricted	5,462,298	7,695,108	13,157,406
Total Net Position	<u>\$ 17,967,045</u>	<u>\$ 29,997,749</u>	<u>\$ 47,964,794</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs: Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating		Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
		Charges for Services	Grants and Contributions			Governmental Activities	Business-type Activities	
Governmental activities:								
General government	\$ 2,752,406	\$ 197,237	\$ 102,239	\$ 163,772	\$ (2,289,158)	\$ -	\$ -	\$ (2,289,158)
Public safety	5,706,302	450,102	-	-	(5,256,200)	-	-	(5,256,200)
Public works	1,272,691	2,100	441,617	-	(828,974)	-	-	(828,974)
Sanitation	702,779	764,672	-	-	61,893	-	-	61,893
Parks and recreation	1,424,710	251,980	-	-	(1,172,730)	-	-	(1,172,730)
Tourism	509,145	26,572	2,534	-	(480,039)	-	-	(480,039)
Stormwater Utility	97,702	195,936	-	-	98,234	-	-	98,234
Interest on long-term debt	42,212	-	-	-	(42,212)	-	-	(42,212)
Total Governmental Activities	12,507,947	1,888,599	546,390	163,772	(9,909,186)	-	-	(9,909,186)
Business-type Activities:								
Sewer	4,173,995	5,111,824	-	-	-	937,829	937,829	937,829
Total Business-type Activities	4,173,995	5,111,824	-	-	-	937,829	937,829	937,829
Total Primary Government	\$ 16,681,942	\$ 7,000,423	\$ 546,390	\$ 163,772	\$ (9,909,186)	\$ 937,829	\$ 937,829	\$ (8,971,357)
General Revenues:								
Property and Personalty Taxes					\$ 4,317,671	\$ -	\$ -	\$ 4,317,671
TVA and Other PILOT Taxes					282,786	-	-	282,786
Income Taxes					154,168	-	-	154,168
Sales Taxes					5,015,288	-	-	5,015,288
Alcoholic Beverage Taxes					710,163	-	-	710,163
Business Taxes					380,080	-	-	380,080
Hospitality Taxes					546,679	-	-	546,679
Miscellaneous State Taxes					8,183	-	-	8,183
Unrestricted Investment Earnings					15,013	25,996	-	41,009
Insurance Proceeds					2,680	-	-	2,680
Miscellaneous					16,372	280,216	-	296,588
Extraordinary Item - Debt Forgiveness					-	5,000,000	-	5,000,000
Transfers, Net					150,586	(150,586)	-	-
Total General Revenues, Extraordinary Item and Transfers					11,599,669	5,155,626	16,755,295	16,755,295
Change in Net Position					1,690,483	6,093,455	7,783,938	7,783,938
Net Position - July 1, 2012					16,276,562	23,904,294	40,180,856	40,180,856
Net Position - June 30, 2013					\$ 17,967,045	\$ 29,997,749	\$ 47,964,794	\$ 47,964,794

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash on Hand	\$ 1,550	\$ -	\$ 1,550
Cash in Bank	7,702,507	1,069,433	8,771,940
Receivables, Net	4,617,014	173,461	4,790,475
Intergovernmental Receivables	720,352	-	720,352
Due From Other Funds	286,431	-	286,431
Prepaid Expenses	154,732	1,752	156,484
Total Assets	<u>\$ 13,482,586</u>	<u>\$ 1,244,646</u>	<u>\$ 14,727,232</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 1,160,482	\$ 121,638	\$ 1,282,120
Other Current Liabilities	32,487	12,965	45,452
Grant Advance	-	163,880	163,880
Accrued Wages	-	11,357	11,357
Deferred Revenue	4,266,915	-	4,266,915
Total Liabilities	<u>5,459,884</u>	<u>309,840</u>	<u>5,769,724</u>
Fund Balances			
Nonspendable:			
Prepaid Expense	154,732	1,752	156,484
Restricted For:			
Street Aid	250,105	-	250,105
Drug	-	5,593	5,593
Tourism	-	518,561	518,561
Stormwater Utility	-	98,234	98,234
Solid Waste Fund	-	194,833	194,833
Committed To:			
Pleasant Green	288,552	-	288,552
Fleet Maintenance	205,910	-	205,910
Assigned To:			
OPEB	501,910	-	501,910
Tourism	-	87,205	87,205
2013 Bond Issue	1,996,164	-	1,996,164
Capital Projects	-	28,628	28,628
Unassigned	4,625,329	-	4,625,329
Total Fund Balances	<u>8,022,702</u>	<u>934,806</u>	<u>8,957,508</u>
Total Liabilities and Fund Balances	<u>\$ 13,482,586</u>	<u>\$ 1,244,646</u>	<u>\$ 14,727,232</u>

Reconciliation of Balance Sheet- Governmental Funds to Statement of Net Assets are different because:

Total Governmental Fund Balances	\$ 8,957,508
Assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	189,780
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,917,239
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(7,097,482)
Net Position of the Governmental Activities	<u>\$ 17,967,045</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues			
Local Taxes	\$ 9,358,808	\$ -	\$ 9,358,808
Licenses and Permits	196,576	-	196,576
Fines	383,982	-	383,982
Drug and Gambling Revenue	-	17,185	17,185
Intergovernmental Revenues	2,022,271	-	2,022,271
Charges for Services	300,915	975,389	1,276,304
Hotel/ Motel Taxes	-	442,943	442,943
Interest	-	2,554	2,554
Miscellaneous Revenues	21,603	11,791	33,394
Total Revenues	12,284,155	1,449,862	13,734,017
Expenditures			
Current:			
General Government	2,571,592	-	2,571,592
Public Safety	5,194,172	-	5,194,172
Public Works (also see below)	748,644	-	748,644
Street Lights	113,358	-	113,358
Street Maintenance	78,154	-	78,154
Solid Waste	-	823,067	823,067
Drug Fund	-	14,125	14,125
Parks and Recreation	1,250,466	-	1,250,466
Tourism	-	422,642	422,642
Stormwater Utility	-	97,702	97,702
Debt Service:			
Principal	426,327	9,054	435,381
Interest	30,624	1,215	31,839
Capital Outlay	990,102	475,074	1,465,176
Street Paving	1,019,078	-	1,019,078
Total Expenditures	12,422,517	1,842,879	14,265,396
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (138,362)	 (393,017)	 (531,379)
Other Financing Sources (Uses)			
Contributions and Grants	1,374	228,960	230,334
Operating Transfers In	251,813	164,000	415,813
Operating Transfers Out	(164,000)	-	(164,000)
Sales of Capital Assets	27,661	167,538	195,199
Capital Leases	4,476,411	-	4,476,411
Insurance Recoveries	2,680	-	2,680
Total Other Financing Sources (Uses)	4,595,939	560,498	5,156,437
 Net Change in Fund Balances	 4,457,577	 167,481	 4,625,058
 Fund Balance - July 1, 2012	 3,565,125	 767,325	 4,332,450
 Fund Balances - June 30, 2013	 \$ 8,022,702	 \$ 934,806	 \$ 8,957,508

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different from the amounts reported for governmental funds in the statement of revenues, expenditures and changes in fund balances because:

Net change in fund balances - total governmental funds	\$ 4,625,058
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,539,174
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(32,352)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,053,489)
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Some expense reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(387,908)
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Change in net position of governmental activities	<u><u>\$ 1,690,483</u></u>
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CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds
For the Year Ended June 30, 2013

	General Fund			Positive (Negative) Variance with Final
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Local Taxes:				
Property and Personalty Taxes	4,301,117	4,301,117	4,315,723	\$ 14,606
Sales Taxes	3,780,000	3,830,000	3,919,097	89,097
Alcoholic Beverage Taxes	550,000	550,000	640,172	90,172
Business Taxes	250,000	250,000	380,080	130,080
Hospitality Taxes	65,000	65,000	103,736	38,736
Licenses and Permits	123,000	123,000	196,576	73,576
Fines	275,000	275,000	383,982	108,982
Intergovernmental Revenues:				
Sales Taxes	945,000	945,000	1,096,191	151,191
Gasoline and Motor Fuel Taxes	375,000	375,000	280,030	(94,970)
Gas 1989 Taxes	-	-	45,154	45,154
Gas 3 Cent Taxes	-	-	83,808	83,808
Petroleum Special Taxes	25,000	25,000	32,624	7,624
Income Taxes	109,000	109,000	162,351	53,351
Alcoholic Beverage Taxes	57,000	57,000	68,633	11,633
TVA - In Lieu of Tax	125,000	125,000	181,560	56,560
Grants	332,516	332,516	71,920	(260,596)
Charges for Services	282,500	282,500	300,915	18,415
Miscellaneous Revenues	16,000	16,000	21,603	5,603
Total Revenues	<u>11,611,133</u>	<u>11,661,133</u>	<u>12,284,155</u>	<u>623,022</u>
Expenditures				
Current:				
General Government:				
Salaries and Benefits	1,546,654	1,546,654	1,514,651	32,003
Repairs and Maintenance	50,250	50,250	62,645	(12,395)
Supplies	55,050	55,050	50,964	4,086
Property Insurance	275,000	275,000	249,503	25,497
Retirees Benefits	150,000	250,000	187,999	62,001
Merit Raise Pool	83,252	83,252	50,028	33,224
Other Operating Expenses	576,830	576,830	455,802	121,028
Public Safety - Police:				
Salaries and Benefits	3,556,888	3,752,793	3,408,023	344,770
Repairs and Maintenance	87,000	87,000	88,247	(1,247)
Supplies	60,000	60,000	92,777	(32,777)
Other Operating Expenses	148,840	148,840	171,259	(22,419)
Public Safety - Fire:				
Salaries and Benefits	1,286,859	1,286,859	1,266,215	20,644
Repairs and Maintenance	68,000	68,000	51,631	16,369
Supplies	33,775	33,775	33,753	22
Other Operating Expenses	111,075	111,075	82,267	28,808
Public Works:				
Salaries and Benefits	586,588	586,588	546,102	40,486
Repairs and Maintenance	147,000	197,000	139,255	57,745
Supplies	45,000	45,000	48,360	(3,360)
Street Lighting	115,000	115,000	113,358	1,642
Other Operating Expenses	85,000	85,000	93,081	(8,081)
Parks and Recreation:				
Salaries and Benefits	782,974	782,974	780,978	1,996
Repairs and Maintenance	185,000	285,000	174,077	110,923
Supplies	15,000	15,000	16,841	(1,841)
Other Operating Expenses	293,000	293,000	278,570	14,430
Debt Service:				
Principal	609,588	609,588	426,327	183,261
Interest	25,000	25,000	30,624	(5,624)
Capital Outlay	4,918,358	4,718,358	2,009,180	2,709,178
Total Expenditures	<u>15,896,981</u>	<u>16,142,886</u>	<u>12,422,517</u>	<u>3,720,369</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,285,848)</u>	<u>(4,481,753)</u>	<u>(138,362)</u>	<u>4,343,391</u>
Other Financing Sources (Uses)				
Contributions	-	-	1,374	1,374
Operating Transfers In	75,000	75,000	251,813	176,813
Operating Transfers Out	34,795	230,700	(164,000)	(394,700)
Sales of Capital Assets	18,306	18,306	27,661	9,355
Capital Leases	3,790,000	3,790,000	4,476,411	686,411
Insurance Recoveries	-	-	2,680	2,680
Total Other Financing Sources (Uses)	<u>3,918,101</u>	<u>4,114,006</u>	<u>4,595,939</u>	<u>481,933</u>
Net Change in Fund Balances	<u>(367,747)</u>	<u>(367,747)</u>	<u>4,457,577</u>	<u>4,825,324</u>
Fund Balance - July 1, 2012	<u>3,565,125</u>	<u>3,565,125</u>	<u>3,565,125</u>	<u>-</u>
Fund Balances - June 30, 2013	<u>\$ 3,197,378</u>	<u>\$ 3,197,378</u>	<u>\$ 8,022,702</u>	<u>\$ 4,825,324</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Business-Type Activities Sewer Fund</u>
Assets	
Current Assets	
Cash	\$ 7,506,975
Accounts Receivable, Less Allowance of \$4,235	1,241,084
Prepaid Expenses	4,425
Total Current Assets	<u>8,752,484</u>
Capital Assets	
Capital Assets	43,949,315
Accumulated Depreciation	<u>(11,491,008)</u>
Total Capital Assets	<u>32,458,307</u>
Utility Deposit	
Total Assets	<u>100</u> <u>41,210,891</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 562,301
Accrued Interest Payable	20,542
Accrued Wages, Payroll Taxes and Deductions Payable	11,735
Deposits Payable	28,689
Due to Other Funds	286,431
Current Portion of Long-Term Liabilities	743,405
Total Current Liabilities	<u>1,653,104</u>
Long-Term Liabilities	
Compensated Absences Payable	29,866
Net OPEB Obligation	117,912
Notes Payable	7,212,009
Revenue Bonds Payable	2,054,191
Debt Refunding Premium	146,060
Total Long-Term Liabilities	<u>9,560,039</u>
Total Liabilities	<u>11,213,142</u>
Net Position	
Net Investment in Capital Assets	22,302,641
Unrestricted	7,695,108
Total Net Position	<u>\$ 29,997,749</u>

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Sewer Fund
Operating Revenues	
Charges for Services:	
Sewer Fees - Davidson County	\$ 3,946,177
Sewer Fees - Sumner County	959,570
Sewer Flow Charges	34,152
Permits/Connection Fees	20,050
Total Operating Revenues	4,959,949
Operating Expenses	
Cost of Services	1,941,115
Administration	834,374
Depreciation and Amortization	951,933
Insurance	81,030
Repairs and Maintenance	17,117
Total Operating Expenses	3,825,569
Operating Income	1,134,380
Non-Operating Revenues (Expenses)	
Interest Revenue	25,996
Miscellaneous Revenue	252,216
Interest Expense	(347,943)
Paying Agents Fee	(483)
Rental Income	28,000
Total Non-Operating Revenues (Expenses)	(42,214)
Income before Contributions, Transfers and Extraordinary Item	1,092,166
Tap Fees	151,875
Transfers	(150,586)
Extraordinary Item - Debt Forgiveness	5,000,000
Increase in Net Position	6,093,455
Net Position - July 1, 2012	23,904,294
Net Position - June 30, 2013	\$ 29,997,749

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 4,959,949
Cash Payments to Suppliers for Goods and Services	(2,526,064)
Cash Payments to Employees for Services	(521,746)
Net Cash Provided by Operating Activities	1,912,139
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Issuance of Bonds	1,607,636
Principal Paid on Bonds/Notes	(640,362)
Interest Paid on Long-Term Debt	(343,809)
Cash Received from Tap Fees	151,875
Paying Agents Fee	(483)
Acquisition and Construction of Capital Assets	(1,575,643)
Miscellaneous Revenue	252,216
Net Cash Used by Capital and Related Financing Activities	(548,570)
Cash Flows from Noncapital Financing Activities:	
Increase in Transfer to Other Funds	(150,586)
Net Cash Used by Noncapital Financing Activities	(150,586)
Cash Flows from Investing Activities:	
Cash Received from Billboard Rentals	28,000
Interest Received	25,996
Net Cash Provided by Investing Activities	53,996
Net Increase (Decrease) in Cash	1,266,979
Cash at Beginning of Year	6,239,996
Cash at End of Year	\$ 7,506,975
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 1,134,380
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	951,933
(Increase) Decrease in:	
Accounts Receivable	(679,945)
Prepaid Expenses	(852)
Increase (Decrease) in:	
Accounts Payable	191,922
Payroll Liabilities	(171)
Deferred Compensation	(933)
Net OPEB Obligation	37,083
Due from/to Other Funds, Net	278,722
Net Cash Provided by Operating Activities	\$ 1,912,139

See notes to the financial statements.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2013

Note 1. Significant Accounting Policies

The City of Goodlettsville's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles included in the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting standards and the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those principles conflict with or contradict the GASB Codification, in which case, GASB prevails. Proprietary funds follow the FASB pronouncements issued since November 30, 1989. The more significant of the government's accounting policies are described below.

For the year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Statement 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. Deferred outflows represent the consumption of the government's net assets that is applicable to a future reporting period. A deferred inflow represents the acquisition of net assets that is applicable to a future reporting period.

A. Reporting Entity

The City of Goodlettsville is a municipality governed by an elected five-member commission. These financial statements present the financial position and activities of the City government only. The City has no component units, thus no blended or discretely presented component units are included in these financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The government uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City has its funds classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 1. Significant Accounting Policies – Continued

B. Government-wide and Fund Financial Statements - Continued

parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The following is a list of the City's funds:

I. Governmental Fund Types

General Fund - primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Funds - accounts for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities. The Special Revenue Funds are the Solid Waste Fund, Tourism Fund, Drug Fund and Stormwater Utility Fund. The Solid Waste, Tourism, Drug and Stormwater Utility Funds are not considered major funds for reporting purposes.

Capital Projects – accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays of governmental fund types including the acquisition and construction of capital facilities and other capital assets.

II. Proprietary Fund Types

Enterprise Fund - The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available in the period for which levied if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 1. Significant Accounting Policies – Continued

C. Measurement Focus and Basis of Accounting – Continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The City uses a modified accrual basis for budgeting in governmental funds and full accrual basis for budgeting in proprietary funds and has established the following procedures with regard to the budgetary data reflected in the financial statements:

1. Prior to May 15 the proposed operating budgets are presented to the City Commission for review and approval.
2. The budget is legally enacted through the passage of an ordinance which also sets the tax rate.
3. Revisions to the budget during the fiscal year require the City Commission's approval.
4. Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

E. Cash and Cash Equivalents

The City defines its cash and cash equivalents to include only cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash. State statutes authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, certain federal nonconvertible debt securities, repurchase agreements and the State Treasurer's Investment Pool. Cash equivalents are stated at cost.

F. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$100,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed. Estimated useful lives are as follows:

	Estimated Useful Life (Years)
Buildings	40
Improvements	7 - 40
Machinery & Equipment	5 - 10
Infrastructure	15 - 20

G. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An employee's total accumulated vacation time may not exceed the following amounts: 120 hours after five years of employment; 160 hours after ten years of employment; and 400 hours after twenty years of employment. Employees may accumulate unused sick time up to 960 hours, of which 50% is paid upon retirement.

H. Property Tax

Taxes are levied on October 1 and are due and payable on or before February 28 of the following year. Uncollected property taxes attach as an enforceable lien on property as of

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 1. Significant Accounting Policies – Continued

H. Property Tax – Continued

March 1. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful. Under *GASB Codification of Governmental Accounting and Financial Reporting Standards, Section N50, Non-Exchange Transactions*, property taxes are imposed nonexchange revenue. Assets (accounts receivable) from imposed nonexchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as of January 1. Therefore, the City has recorded the succeeding year's receivable and deferred revenue for taxes assessed as of year-end that will not be received until after year-end.

I. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "due to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Residual amounts due at year-end on quasi-external transactions are show as due to/from other funds.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. All other interfund transfers are reported as operating transfers.

K. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including liabilities associated with compensated absences and postemployment benefits. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. Fund Balance

The City classifies fund balances in accordance with *GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.142, Fund Balance Reporting*. This statement classifies fund balances into clearly defined categories making the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy:

Nonspendable Fund Balance – Funds that cannot be spent due to their form (e.g. inventories, prepaid items, and long term receivables) or funds that legally or contractually must be maintained intact (e.g. endowments).

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 1. Significant Accounting Policies – Continued

L. Fund Balance - Continued

Restricted Fund Balance – Funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation (e.g. state or federal requirements restricting use of certain funds, creditor loan covenants, and private donations).

Committed Fund Balance – Funds that are set aside for a specific purpose by the City's highest level of decision-making authority (i.e. Board of Commission) and the highest form of authority (ordinance). This commitment of funds is authorized by ordinance and is binding unless removed by ordinance. Formal action must be taken prior to the end of the fiscal year; however, the actual amount can be determined after the close of the year.

Assigned Fund Balance – Funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority (i.e. Board of Commission) or a body or official that has been given the authority to assign funds.

Assignment of fund balance is less formal than the commitment of fund balance. It does not require formal action. The City Commission has given no other body or official authority to assign funds.

Unassigned Fund Balance – Excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. This category is also referred to as "surplus".

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it shall be the policy of the City to use the restricted amounts first as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and then unassigned amounts determined by management.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consist of assets that have limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – all other net position is reported in this category.

The government-wide financial statements split the City programs between governmental and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net position amount for governmental activities reflects fund balance for governmental funds adjusted for the conversion to the accrual basis of accounting from last year.

N. Deferred Outflows/Inflows of Resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary or governmental funds financial statements in the current year since GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* has not been implemented as of June 30, 2013. Refer to Note 15.

The City's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The city will not recognize the related revenues until a future event occurs.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 1. Significant Accounting Policies – Continued

N. Deferred Outflows/Inflows of Resources – Continued

The City did not recognize deferred inflows of resources to report in its government-wide, proprietary or governmental funds financial statements for the current year since GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* has not been implemented as of June 30, 2013. Refer to Note 15.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Contributions of capital assets are recorded as revenue in the Statement of Revenue, Expenses and Changes in Net Position.

Q. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash and Investments

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

As of June 30, 2013, all of the City's deposits and investments were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool ("LGIP"). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

Note 3. Pension Plan

A. Plan Description

Employees of the City of Goodlettsville are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 3. Pension Plan – Continued

A. Plan Description – Continued

reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system on or after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Goodlettsville participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

B. Funding Policy

The City of Goodlettsville has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City of Goodlettsville is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 14.93% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Goodlettsville is established and may be amended by the TCRS Board of Trustees.

C. Annual Pension Cost

For the year ending June 30, 2013, the City of Goodlettsville's annual pension cost of \$821,234 to TCRS was equal to the City of Goodlettsville's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The City of Goodlettsville's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 3 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 821,234	100.00%	\$ -
June 30, 2012	\$ 920,050	100.00%	\$ -
June 30, 2011	\$ 905,007	100.00%	\$ -

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 3. Pension Plan – Continued
D. Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 93.72 percent funded. The actuarial accrued liability for benefits was \$19.65 million, and the actuarial value of assets was \$18.42 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.63 million, and the ratio of the UAAL to the covered payroll was 21.95 percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2011	\$ 18,415	\$ 19,650	\$ 1,235	93.72%	\$ 5,627	21.95%

Note 4. Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ING Life Insurance and Annuity Company. The plan is available to full time employees after they have been with the City for six months. Employees may defer up to 25% of their gross pay to a maximum amount allowable under current IRS regulations per year. Deferred compensation is not available to employees until termination, retirement, death or financial hardship. The City made matching contributions totaling \$0 to the plan for the year ended June 30, 2013.

Note 5. Post-retirement Health Care Benefits

A. Program Description

The City provides post-retirement health care benefits (medical and life insurance) to all employees who retire from the City on or after attaining age 55 with at least 5 years of service, or at any age with at least 25 years of service through a single-employer defined benefit healthcare plan. Eligibility for continued medical benefits under the City's plan requires the retired employee be eligible for benefits from the Tennessee Consolidated Retirement System (See Note 4). Benefits for retirees under age 65 are deemed to be similar to those benefits provided for actives. The healthcare plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65. Participants do not receive prescription drug benefits from the City upon attaining Medicare eligibility except as may be provided under the employer group insurance plan.

B. Funding Policy

The City provides the benefits by paying a portion of the retirees' insurance premiums for medical and life insurance coverage under fully insured plans. Certain current retirees are grandfathered under the provision of a fixed, non-escalating contribution rate. Other retirees and spouses must pay a percentage of the total premium cost. The percentage of the premium paid by the retirees and spouses depends on the years of service at retirement. It is assumed that all escalating premium contributions will increase in the future with medical trend. The City contribution to the program consists of pay-as-you-go premiums in excess of the retiree contributions. Plan members contributed approximately \$27,500 for fiscal 2013, approximately 15% of total premiums. The City contributions to the program for the fiscal year 2013 were \$187,999.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 5. Post-retirement Health Care Benefits – Continued

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) for the program is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section P50, Post-employment Benefits Other than Pension Benefits – Employer Reporting*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 572,184	\$ 36,741	\$ 608,925
Interest on net OPEB obligation	72,550	4,659	77,209
Adjustments to annual required contributions	<u>(67,222)</u>	<u>(4,317)</u>	<u>(71,539)</u>
Annual OPEB cost (expense)	577,512	37,083	614,595
Contributions made	<u>(187,999)</u>	<u>-</u>	<u>(187,999)</u>
Increase in net OPEB obligation	389,513	37,083	426,596
Net OPEB obligation - beginning of the year	1,634,929	80,828	1,715,757
Net OPEB obligation - end of the year	<u>\$ 2,024,442</u>	<u>\$ 117,912</u>	<u>\$ 2,142,353</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>ANNUAL OPEB COST</u>	<u>ANNUAL EMPLOYER CONTRIBUTION</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED</u>	<u>NET ENDING OPEB OBLIGATION/ (ASSET)</u>
2013	\$ 614,595	\$ 187,999	31%	\$ 2,142,353
2012	608,657	151,532	21%	1,258,632
2011	566,844	96,595	26%	810,659

D. Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$7,731,031, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,465,892, and the ratio of the unfunded actuarial liability to the covered payroll was 141.4%.

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The City has designated \$500,000 assigned general fund balance plus interest earnings for OPEB obligation. Since the city has not established an irrevocable trust, there are no separate plan assets reported under GASB *Codification Section P50*.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 5. Post-retirement Health Care Benefits – Continued

E. Actuarial Methods and Assumptions – Continued

Projections of benefits for financial reporting purposes are based on the program (as understood by the employer and eligible participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participants at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation performed as of July 1, 2012, the individual unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 8% graded to 5% uniformly over 6 years. Both rates include a 3% inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level dollar of active member payroll over a closed period. The remaining amortization period at July 1, 2012 was 30 years.

Note 6. Property Taxes Receivable

Gross property taxes receivable of \$4,672,446 is summarized in the Revenue Capacity Information portion of the Statistical Section of this report on pages 53-57.

Note 7. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:

	Balance			Balance
	June 30, 2012	Additions	Disposals	June 30, 2013
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 4,051,543	\$ 85,295	\$ -	\$ 4,136,838
Construction in Progress	232,470	47,423	-	279,893
Total Capital Assets not being Depreciated	\$ 4,284,012	\$ 132,718	\$ -	\$ 4,416,730
Capital Assets being Depreciated				
Buildings	\$ 7,909,221	\$ -	\$ -	\$ 7,909,221
Improvements	5,614,326	1,450,613	-	7,064,939
Machinery & Equipment	7,955,647	897,602	973,513	7,879,736
Infrastructure	4,912,253	-	-	4,912,253
Total Capital Assets being Depreciated	\$ 26,391,448	\$ 2,348,215	\$ 973,513	\$ 27,766,150
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,139,071	\$ -	\$ -	\$ 2,139,071
Construction in Progress	-	26,900	-	26,900
Total Capital Assets not being Depreciated	\$ 2,139,071	\$ 26,900	\$ -	\$ 2,165,970
Capital Assets being Depreciated				
Buildings	\$ 4,332,627	\$ -	\$ -	\$ 4,332,627
Improvements	4,778,232	422,680	-	5,200,913
Machinery & Equipment	1,310,966	572,861	-	1,883,827
Infrastructure	29,812,776	553,188	-	30,365,964
Total Capital Assets being Depreciated	\$ 40,234,601	\$ 1,548,729	\$ -	\$ 41,783,331

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 7. Capital Assets – Continued

Governmental Activities

Accumulated Depreciation

Buildings	\$ 3,571,071	\$ 183,497	\$ -	\$ 3,754,567
Improvements	2,717,246	155,702	-	2,872,948
Machinery & Equipment	7,086,103	364,560	973,513	6,477,151
Infrastructure	2,922,973	237,998	-	3,160,972
Total Accumulated Depreciation	\$ 16,297,394	\$ 941,757	\$ 973,513	\$ 16,265,639

Business-type Activities

Accumulated Depreciation

Buildings	\$ 1,465,398	\$ 108,339	\$ -	\$ 1,573,737
Improvements	6,095	92,070	-	98,165
Machinery & Equipment	1,030,322	94,444	-	1,124,766
Infrastructure	8,035,458	658,882	-	8,694,340
Total Accumulated Depreciation	\$ 10,537,273	\$ 953,736	\$ -	\$ 11,491,006

Total Governmental Activities, Net	\$ 14,378,066	\$ 1,539,176	\$ -	\$ 15,917,239
Total Business-type Activities, Net	\$ 31,836,398	\$ 621,893	\$ -	\$ 32,458,307

Depreciation Expense by Function

General Government	141,628
Public Safety	261,187
State Street Aid	304,552
Sanitation	27,849
Parks & Recreation	134,077
Tourism	72,464
Sewer	953,736
	<u>\$ 1,895,493</u>

The City received insurance proceeds in the amount of \$2,680 for the impairment of various capital assets disposed during 2013.

Note 8. Long-Term Debt

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2013. A detailed Schedule of Long-term Debt, Principal, and Interest Requirements is included on page 46 of this report.

Year Ended	Principal Due	Interest Due
<u>June 30,</u>		
2014	8,245,468	187,707
2015	881,044	146,045
2016	903,433	121,644
2017	899,880	100,570
2018	741,178	75,279
2019-2033	2,803,787	481,211
Total Long-Term Debt	\$ 14,474,790	\$ 1,112,456

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 8. Long-Term Debt – Continued

Long-term debt and obligations payable at June 30, 2013 are comprised of the following:

Business-type Activities

State Revolving Loan #09-224, Bearing Interest Payments at 2.88% Per Annum, Interest only until construction was 90% complete then Payable in Monthly Installments with the Final Payment Due July 2033	\$ 7,313,392
General Obligation Refunding Bond, Series 2011 Issued to Refinance Existing Debt, Bearing Interest at a Variable Rate ranging from 2.00% to 4.00% per Annum, Payable in Annual Installments with the Final Payment Due September 5, 2011.	2,461,198
Capital Lease Payable to Municipal Leasing Consultants, LLC Bearing Interest at 1.9901% Per Annum, Payable in Annual Installments of \$51,417, Principal and Interest Payments are Based on Total Debt of \$286,431.	<u>235,014</u>
Total Sewer Fund Debt Payable	10,009,604
Less: Current Portion	<u>(743,405)</u>
Long-Term Debt Payable - Sewer Fund	<u>\$ 9,266,199</u>

The following is a summary of changes to long-term debt in the Business-type activities during the year ended June 30, 2013:

	Balance	Additions	Reductions	Balance	Due Within
	7/1/2012			6/30/2013	1 Year
Compensated Absences	\$ 31,874	\$ 20,387	\$ 22,395	\$ 29,866	\$ -
Net OPEB Obligation	80,828	37,083	-	117,911	-
Revenue Bonds	14,042,332	1,321,205	5,588,947	9,774,590	696,665
Notes Payable	-	286,431	51,417	235,014	46,740
Debt Refunding Premium	147,863	-	1,803	146,060	-
Totals	<u>\$ 14,302,897</u>	<u>\$ 1,665,106</u>	<u>\$ 5,664,562</u>	<u>\$ 10,303,441</u>	<u>\$ 743,405</u>

Governmental Activities

Long-term debt and obligations payable at June 30, 2013 are comprised of the following:

General Obligation Refunding Bond, Series 2012 Issued to Refinance Existing Debt, Bearing Interest at a Variable Rate ranging from 2.00% to 3.00% per Annum, Payable in Annual Installments with the Final Payment Due June 30, 2018	\$ 2,970,000
General Obligation Refunding Bond, Series 2011 Issued to Refinance Existing Debt, Bearing Interest at a Variable Rate ranging from 2.00% to 4.00% per Annum, Payable in Annual Installments with the Final Payment Due September 1, 2018	108,803
Capital Lease Payable to Municipal Leasing Consultants, LLC Bearing Interest at 1.9901% Per Annum, Payable in Annual Installments of \$269,908, Principal and Interest Payments are Based on Total Debt of \$1,503,569.	1,233,662

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 8. Long-Term Debt - Continued
Governmental Activities – Continued

Capital Lease Payable to Ford Motor Credit for Equipment
 Bearing Interest at 6% Per Annum, Payable in Annual Installments
 of \$32,131, Principal and Interest Payments are Based on
 Total Debt of \$91,041. 30,313

Capital Lease Payable to Ford Motor Credit for Equipment
 Bearing Interest at 6.5% Per Annum, Payable in Annual Installments
 of \$10,269, Principal and Interest Payments are Based on
 Total Debt of \$28,965. 9,784

Capital Lease Payable to Ford Motor Credit for Equipment
 Bearing Interest at 6.5% Per Annum, Payable in Annual Installments
 of \$7,746, Principal and Interest Payments are Based on
 Total Debt of \$21,848. 7,273

Capital Lease Payable to Ford Motor Credit for Equipment
 Bearing Interest at 6.5% Per Annum, Payable in Annual Installments
 of \$10,420, Principal and Interest Payments are Based on
 Total Debt of \$29,390. 9,642

Capital Lease Payable to DivLend Equipment Leasing for Software
 Bearing Interest at 23% Per Annum, Payable in Annual Installments
 of \$44,823, Principal and Interest Payments are Based on
 Total Debt of \$129,105. 35,592

Capital Lease Payable to First Freedom Bank for Equipment
 Bearing Interest at 5.75% Per Annum, Payable in Annual Installments
 of \$26,052, Principal and Interest Payments are Based on
 Total Debt of \$116,522. 69,760

Total Governmental Activities Long-Term Obligations 4,474,829
 Less: Current Portion (487,971)
 Total Long-Term Governmental Activities Obligations \$ 3,986,858

The following is a summary of changes to long-term liabilities in the Governmental activities during the year ended June 30, 2013. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

	Balance			Balance		Due within
	July 1, 2012	Additions	Reductions	June 30, 2013	1 Year	
Compensated Absences	\$ 527,682	\$ 433,982	\$ 394,840	\$ 566,824	\$ -	
Net OPEB Obligation	1,634,929	577,512	187,999	2,024,442	-	
Capital Leases	307,781	1,503,569	415,325	1,396,025	359,980	
Notes Payable	126,584	2,970,000	17,781	3,078,803	127,993	
Debt Refunding Premium	6,005	-	1,015	4,990	-	
Totals	<u>\$ 2,602,981</u>	<u>\$ 5,485,063</u>	<u>\$ 1,016,960</u>	<u>\$ 7,071,083</u>	<u>\$ 487,972</u>	

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 8. Long-Term Debt - Continued
Construction in Progress Loan

The City had a construction projects in the sewer fund that was financed by a State Revolving Loan ("SRL") which has total authorized borrowings of \$12.5 million. The \$12.5 million authorization is comprised of \$6,250,000 of state revolving loan money and \$6,250,000 of American Recovery and Reinvestment Act ("ARRA") funds. Upon completion of the project during 2013, \$5,000,000 of ARRA funds was forgiven immediately and the remaining \$1,250,000 ARRA funds and \$6,250,000 are being repaid over 20 years. The loan balance as of June 30, 2013 was \$7,313,392. The forgiveness of \$5,000,000 is presented as an extraordinary item on the proprietary funds Statement of Revenues, Expenses and Changes in Net Position.

Note 9. Capital Leases

The City has ongoing lease agreements for the following capital assets as of June 30, 2013:

	Capitalized Cost
Public Safety Vehicles	\$ 215,670
General Government Vehicles/Equipment	469,568
Parks and Recreation Vehicles	35,817
Drug Fund Equipment	38,604
Public Works Equipment	854,811
Sewer Equipment	286,431
Total Assets in Machinery & Equipment	\$ 1,900,901

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. The future minimum lease payments and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

Year Ended June 30,	Future Minimum Lease Pmts
2014	\$ 455,485
2015	349,449
2016	348,966
2017	322,499
2018	136,985
Thereafter	136,447
Total Minimum Lease Payments	1,749,831
Less: Amount Representing Interest	(118,792)
Present Value of Future Minimum Lease Payments	\$ 1,631,039

Note 10. Construction Commitments

The City has the following construction projects in progress at June 30, 2013:

Construction Project	Total Estimated Cost	Total Expenses thru FYE 6/30/13
Governmental Activities:		
Greenway	n/a	\$ 156,202
Traffic Synchronization/Signalization	n/a	70,165
Landscape Project	n/a	53,525
Total Governmental Activities		\$ 279,892
Business Type Activities:		
Sewer Project	n/a	\$ 26,900.00

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 11. Interfund Receivables/Payables/Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due To	Solid Waste		Tourism		Sewer Fund	Total
	General Fund	Fund	Drug Fund	Fund		
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 286,431	\$ 286,431
Solid Waste Fund	-	-	-	-	-	-
Drug Fund	-	-	-	-	-	-
Tourism Fund	-	-	-	-	-	-
Sewer Fund	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ 286,431	\$ 286,431

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance is scheduled to be collected in the subsequent year and represents debt payments originally paid by general fund for sewer fund. This is not a loan.

The composition of interfund transfers for the year ended June 30, 2013, is as follows:

Transfer From	Transfer To			Total
	General Fund	Drug Fund	Capital Projects Fund	
General Fund	\$ -	\$ -	\$ 164,000	\$ 164,000
Solid Waste Fund	-	-	-	-
Drug Fund	-	-	-	-
Sewer Fund	150,586	-	-	150,586
Total	\$ 150,586	\$ -	\$ 164,000	\$ 314,586

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the sewer fund to the general fund was a result of payments in lieu of tax that do not represent equivalent services provided (1).

Note 12. Contracts

The City has the following contracts for the billing and collection of sewer and sanitation charges for users:

- Madison Suburban Utility District (MSUD) handles the billing and collection of sewer and sanitation charges for users in Davidson County. The City currently pays MSUD \$2.06 and \$1.25 plus an adjustment based on Consumer Price Index (CPI) per bill per month for sewer and sanitation services, respectively.
- White House Utility District handles the billing and collection of sewer charges for users of the sewer system in Sumner County for a fee of \$1.50 per customer per month.
- The Department of Water Services of Metropolitan Nashville also provides sewage treatment and disposal for a contracted fee. The utility price is \$1 /100 cubic feet of water flowing through each point of connection with adjustments for minimum and maximum flow levels and points of origin. The agreement also provides for indexed adjustment to the utility price annually. This agreement expires September 2030.

CITY OF GOODLETTSVILLE, TENNESSEE
Notes to Financial Statements – Continued
June 30, 2013

Note 12. Contracts – Continued

The City is a member of the Metro Sewer Users Association. The purpose of the Association is to improve communication and the distribution of information among members and to provide a unified approach in dealing with Metro Water Services and its role as a regional wastewater treatment service provider.

Note 13. Concentrations

The City has a risk concentration in sales tax revenue from Rivergate retail area taxpayers which is believed to represent more than 10% of the General Fund's total revenue for the year ended June 30, 2013.

Note 14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool (TMLRMP), a public entity risk pool currently operating as a common risk management and insurance program for municipalities. The City pays an annual premium to the TMLRMP for its insurance coverage. The TMLRMP is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Settled claims of the city have not exceeded insurance coverage in any of the past three fiscal years.

Note 15. Upcoming Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. GASB Statement No. 65 will be implemented by the City in the 2014 fiscal year.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 require governments provided defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary statements and component units will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ended June 30, 2015.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Retirement Plan Funding Progress
(Dollar Amounts in Thousands)
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2011	18,415	19,650	1,235	93.72%	5,627	21.95%
July 1, 2009	14,455	15,090	635	95.79%	5,455	11.64%
July 1, 2007	12,982	13,773	791	94.26%	5,312	14.89%

Refer to Footnote 3 for additional information and a description of the plan.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Post-retirement Health Care Benefits Program
(Dollar Amounts in Thousands)
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/(c))
July 1, 2012	-	7,731	7,731	0.00%	5,466	141.44%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The unit credit actuarial cost method has been used by the program for funding purposes.

Refer to Footnote 5 for additional information and a description of the program.

CITY OF GOODLETTSVILLE, TENNESSEE
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2013

	Special Revenue				Capital Projects		Total Non-major Governmental Funds
	Solid Waste Fund	Drug Fund	Tourism Fund	Stormwater Utility Fund	Total Special Revenue Funds	Capital Projects Fund	
Assets							
Cash	\$ 150,384	\$ 5,714	\$ 641,831	\$ 108,842	\$ 906,571	\$ 182,862	\$ 1,069,433
Receivables, Net	118,639	-	-	24,830	143,469	29,992	173,461
Prepaid Expenses	-	-	1,752	-	1,752	-	1,752
Total Assets	\$ 269,023	\$ 5,714	\$ 643,583	\$ 133,472	\$ 1,051,792	\$ 192,854	\$ 1,244,646
Liabilities and Fund Equity							
Liabilities							
Accounts Payable	\$ 58,643	\$ 121	\$ 27,290	\$ 35,238	\$ 121,292	\$ 346	\$ 121,638
Other Liabilities	12,965	-	-	-	12,965	-	12,965
Grant Advance	-	-	-	-	-	163,880	163,880
Accrued Wages	2,582	-	8,775	-	11,357	-	11,357
Total Liabilities	74,190	121	36,065	35,238	145,614	164,226	309,840
Fund Balances							
Nonspendable:							
Prepaid Expenses	-	-	1,752	-	1,752	-	1,752
Restricted For:							
Drug Fund	-	5,593	-	-	5,593	-	5,593
Tourism Fund	-	-	518,561	-	518,561	-	518,561
Stormwater Utility Fund	-	-	-	98,234	98,234	-	98,234
Solid Waste Fund	194,833	-	-	-	194,833	-	194,833
Committed To:							
Assigned To:							
Tourism Fund	-	-	87,205	-	87,205	-	87,205
Capital Projects	-	-	-	-	-	28,628	28,628
Total Fund Balances	194,833	5,593	607,518	98,234	906,178	28,628	934,806
Total Liabilities and Fund Balances	\$ 269,023	\$ 5,714	\$ 643,583	\$ 133,472	\$ 1,051,792	\$ 192,854	\$ 1,244,646

CITY OF GOODLETTSVILLE, TENNESSEE
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue				Capital Projects		Total Non-major Governmental Funds
	Solid Waste Fund	Drug Fund	Tourism Fund	Stormwater Utility Fund	Total Special Revenue Funds	Capital Projects Fund	
Revenues							
Drug Revenue	\$ -	\$ 17,185	\$ -	\$ -	\$ 17,185	\$ -	\$ 17,185
Hotel/ Motel Taxes	-	-	442,943	-	442,943	-	442,943
Charges for Services	752,881	-	28,572	195,936	975,389	-	975,389
Interest	482	-	2,072	-	2,554	-	2,554
Miscellaneous Revenue	11,791	-	-	-	11,791	-	11,791
Total Revenues	<u>765,154</u>	<u>17,185</u>	<u>471,587</u>	<u>195,936</u>	<u>1,449,862</u>	<u>-</u>	<u>1,449,862</u>
Expenditures							
Current:							
Solid Waste Fund	823,067	-	-	-	823,067	-	823,067
Drug Fund	-	14,125	-	-	14,125	-	14,125
Tourism Fund	-	-	422,642	-	422,642	-	422,642
Stormwater Utility Fund	-	-	-	97,702	97,702	-	97,702
Debt Service:							
Principal	-	9,054	-	-	9,054	-	9,054
Interest	-	1,215	-	-	1,215	-	1,215
Capital Outlay	31,934	-	245,280	-	277,214	197,860	475,074
Total Expenditures	<u>855,001</u>	<u>24,394</u>	<u>667,922</u>	<u>97,702</u>	<u>1,645,019</u>	<u>197,860</u>	<u>1,842,879</u>
Excess of Revenues Over (Under) Expenditures	(89,847)	(7,209)	(196,335)	98,234	(195,157)	(197,860)	(393,017)
Other Financing Sources (Uses)							
Contributions and Grants	-	-	2,534	-	2,534	226,426	228,960
Proceeds from Sale of Capital Assets	155,600	11,938	-	-	167,538	-	167,538
Operating Transfers In	-	-	-	-	-	164,000	164,000
Total Other Financing Sources (Uses)	<u>155,600</u>	<u>11,938</u>	<u>2,534</u>	<u>-</u>	<u>170,072</u>	<u>390,426</u>	<u>560,498</u>
Net Change in Fund Balances	65,753	4,729	(193,801)	98,234	(25,085)	192,566	167,481
Fund Balance - July 1, 2012	<u>129,080</u>	<u>864</u>	<u>801,319</u>	<u>-</u>	<u>931,263</u>	<u>(163,938)</u>	<u>767,325</u>
Fund Balance - June 30, 2013	<u>\$ 194,833</u>	<u>\$ 5,593</u>	<u>\$ 607,518</u>	<u>\$ 98,234</u>	<u>\$ 906,178</u>	<u>\$ 28,628</u>	<u>\$ 934,806</u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds - Nonmajor Funds
For the Year Ended June 30, 2013

	Solid Waste Fund				Drug Fund			
	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)
Revenues								
Drug and Gambling Revenue	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 17,185	\$ (2,815)
Charges for Services	751,450	751,450	752,881	1,431	-	-	-	-
Interest	-	-	482	482	-	-	-	-
Miscellaneous Revenues	30,000	30,000	11,791	(18,209)	-	-	-	-
Total Revenues	781,450	781,450	765,154	(16,296)	20,000	20,000	17,185	(2,815)
Expenditures								
Current:								
Solid Waste								
Salaries and Benefits	99,744	119,744	114,122	5,622	-	-	-	-
General and Administrative	35,500	35,500	40,749	(5,249)	-	-	-	-
Supplies and Miscellaneous	500	500	2,563	(2,063)	-	-	-	-
Repairs and Maintenance	2,000	2,000	4,314	(2,314)	-	-	-	-
Disposal Fees	580,000	610,000	661,319	(51,319)	-	-	-	-
Capital Outlay	36,000	36,000	31,934	4,066	-	-	-	-
Drug and Gambling								
Salaries and Benefits	-	-	-	-	186,088	-	-	-
General and Administrative	-	-	-	-	18,847	9,030	8,531	499
Supplies and Miscellaneous	-	-	-	-	6,600	6,600	3,513	3,087
Repairs and Maintenance	-	-	-	-	2,000	2,000	2,081	(81)
Debt Service:								
Principal	-	-	-	-	10,269	10,269	9,054	1,215
Interest	-	-	-	-	-	-	1,215	(1,215)
Total Expenditures	753,744	803,744	855,001	(51,257)	223,804	27,899	24,394	3,505
Excess of Revenues Over (Under) Expenditures	27,706	(22,294)	(89,847)	(67,553)	(203,804)	(7,899)	(7,209)	690
Other Financing Sources								
Proceeds from Sale of Capital Assets	-	-	155,600	155,600	-	-	11,938	11,938
Operating Transfers In	-	-	-	-	203,805	7,900	-	(7,900)
Total Other Financing Sources	-	-	155,600	155,600	203,805	7,900	11,938	4,038
Net Change in Fund Balance	27,706	(22,294)	65,753	88,047	1	1	4,729	4,728
Fund Balance - July 1, 2012	129,080	129,080	129,080	-	864	864	864	-
Fund Balance - June 30, 2013	\$ 156,786	\$ 106,786	\$ 194,833	\$ 88,047	\$ 865	\$ 865	\$ 5,593	\$ 4,728

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds - Nonmajor Funds
For the Year Ended June 30, 2013

	Tourism Fund				Stormwater Utility Fund			
	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Original Budgeted	Final Budgeted	Actual	Variance Favorable (Unfavorable)
Revenues								
Hotel/ Motel Tax	\$ 380,000	\$ 380,000	\$ 442,943	\$ 62,943	\$ -	\$ -	\$ -	\$ -
Charges for Services	15,000	15,000	26,572	11,572	320,000	320,000	195,936	(124,064)
Interest	-	-	2,072	2,072	-	-	-	-
Total Revenues	<u>395,000</u>	<u>395,000</u>	<u>471,587</u>	<u>76,587</u>	<u>320,000</u>	<u>320,000</u>	<u>195,936</u>	<u>(124,064)</u>
Expenditures								
Current:								
Tourism								
Salaries and Benefits	255,017	255,017	257,854	(2,837)	-	-	-	-
Supplies and Miscellaneous	23,500	23,500	17,451	6,049	-	-	-	-
Repairs and Maintenance	65,000	65,000	57,204	7,796	-	-	-	-
Other Operating Expenses	102,988	102,988	90,133	12,855	-	-	-	-
Capital Outlay	426,330	426,330	245,280	181,050	-	-	-	-
Stormwater Utility								
Stormwater Quality	-	-	-	-	150,000	150,000	90,314	59,686
General and Administrative	-	-	-	-	-	-	7,388	(7,388)
Total Expenditures	<u>872,835</u>	<u>872,835</u>	<u>667,922</u>	<u>204,913</u>	<u>150,000</u>	<u>150,000</u>	<u>97,702</u>	<u>52,298</u>
Excess of Revenues Over (Under) Expenditures	(477,835)	(477,835)	(196,335)	281,500	170,000	170,000	98,234	(71,766)
Other Financing Sources								
Contributions and Grants	-	-	2,534	2,534	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2,534</u>	<u>2,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(477,835)	(477,835)	(193,801)	284,034	170,000	170,000	98,234	(71,766)
Fund Balance - July 1, 2012	801,319	801,319	801,319	-	-	-	-	-
Fund Balance - June 30, 2013	<u>\$ 323,484</u>	<u>\$ 323,484</u>	<u>\$ 607,518</u>	<u>\$ 284,034</u>	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 98,234</u>	<u>\$ (71,766)</u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>	<u>Project (Over) Under Budget</u>
Revenues					
FEMA Proceeds	\$ 439,797	\$ 74,375	\$ 514,172	\$ -	\$ (514,172)
TDOT Landscape	-	152,051	152,051	3,540,600	3,388,549
TDOT Greenway, Etc.	-	-	-	-	-
Total Revenues	<u>439,797</u>	<u>226,426</u>	<u>666,223</u>	<u>3,540,600</u>	<u>2,874,377</u>
Expenditures					
Capital Outlay:					
FEMA Home Buyout	502,965	85,132	588,097	-	(588,097)
TDOT Landscape Exit 96	23,359	37,173	60,532	27,000	(33,532)
TDOT Landscape Exit 97	14,467	28,131	42,598	30,000	(12,598)
TDOT Traffic Synchronization/Signalization	54,782	15,383	70,165	495,000	424,835
TDOT Greenway/Bike	124,162	32,040	156,202	3,000,000	2,843,798
Total Expenditures	<u>719,735</u>	<u>197,860</u>	<u>917,595</u>	<u>3,552,000</u>	<u>2,634,405</u>
Other Financing Sources (Uses)					
Operating Transfers In	116,000	164,000	280,000	11,400	(268,600)
Total Other Financing Sources (Uses)	<u>116,000</u>	<u>164,000</u>	<u>280,000</u>	<u>11,400</u>	<u>(268,600)</u>
Net Change In Fund Balances	(163,938)	192,567	28,629	-	(28,629)
Fund Balance - July 1, 2012	-	(163,938)	(163,938)	-	163,938
Fund Balance - June 30, 2013	<u>\$ (163,938)</u>	<u>\$ 28,629</u>	<u>\$ (135,309)</u>	<u>\$ -</u>	<u>\$ 135,309</u>

Note: The City has adopted project-length budgets for the capital projects fund.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass Through Entity	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
Federal Awards - ARRA							
Environmental Protection Agency							
Pass-through programs:							
Capitalization Grants for Clean Water	ARRA - 66.458	Tennessee State Revolving Loan Fund	CWA 2009-224	\$ (136,972)	\$ 248,222	\$ 391,511	\$ (280,261)
Capitalization Grants for Clean Water	ARRA - 66.458	Tennessee State Revolving Loan Fund	CWA 2009-224	(34,243)	62,056	97,878	(70,085)
Total Environmental Protection Agency and Federal Awards - ARRA				(171,215)	310,278	489,389	(350,326)
Federal Awards							
Federal Emergency Management Agency							
Pass-through programs:							
Hazard Mitigation	97.039	Tennessee Emergency Management Agency	34101-0000000596	(18,138)	21,118	2,980	-
Hazard Mitigation	97.039	Tennessee Emergency Management Agency	DR-1909-0005	87,429	-	140	87,290
Hazard Mitigation	97.039	Tennessee Emergency Management Agency	DR-1909-0027	-	63,750	63,831	(81)
Total Federal Emergency Management Agency Department of Transportation				69,291	84,868	66,951	87,208
Pass-through programs:							
Congestion Mitigation and Air Quality Improvement	20.205	Tennessee Department of Transportation	CM-174(19), CM-86(10), CM-174(20)	(54,782)	77,333	15,383	7,188
Interchange Landscaping and Beautification Project	20.205	Tennessee Department of Transportation	19LPLM-F3-029	(30,280)	58,974	52,243	(23,529)
Bicycle/Pedestrian Improvements and Greenway Project	20.205	Tennessee Department of Transportation	CM-932(1)	(99,350)	-	32,040	(131,370)
Total Department of Transportation				(184,372)	136,308	99,667	(147,731)
Total Federal Awards				(286,296)	531,454	656,007	(410,849)
State Financial Assistance							
Tennessee Emergency Management Agency							
Hazard Mitigation	N/A	N/A	34101-0000006114	(12,056)	14,079	2,023	-
Hazard Mitigation	N/A	N/A	DR-1909-005	76,614	-	23	76,591
Hazard Mitigation	N/A	N/A	DR-1909-0027	-	10,625	10,639	(14)
Total Tennessee Emergency Management Agency				64,558	24,704	12,685	76,577
Tennessee Department of Environment and Conservation							
Capitalization Grants for Clean Water, State Revolving Fund	N/A	N/A	CWA 2009-224	(171,214)	310,278	489,388	(350,324)
Tennessee Commission on Fire Fighting	N/A	N/A	N/A	-	8,400	8,400	-
Commission on Fire Fighting	N/A	N/A	N/A	-	-	-	-
Tennessee Peace Officers Standards and Training	N/A	N/A	N/A	-	22,800	22,800	-
Peace Officer Standard and Training Commission	N/A	N/A	N/A	-	-	-	-
Tennessee Department of Transportation	N/A	N/A	19LPLM-F3-029	(7,965)	14,744	13,642	(6,463)
Interchange Landscaping and Beautification Project	N/A	N/A	19180-3212-04	(7,865)	14,744	65,500	(65,500)
Interchange Lighting	N/A	N/A		-	-	79,142	(71,963)
Total Tennessee Department of Transportation				-	1,000	1,000	-
Tennessee Wildlife Resource Agency	N/A	N/A	328.01	-	-	-	-
Clean Streams	N/A	N/A	N/A	-	4,165	4,165	-
Tennessee Agriculture Enhancement Program	N/A	N/A	N/A	-	-	-	-
Community Tree Planting	N/A	N/A	N/A	(114,221)	386,090	617,579	(345,710)
Total State Financial Assistance				(400,517)	\$ 917,544	\$ 1,273,586	\$ (756,559)
Total Federal Awards and State Financial Assistance							

Note 1. Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Financial Assistance summarizes the expenditures of the City of Goodlettsville, Tennessee under the programs of the federal and state governments for the year ended June 30, 2013. The schedule is presented using the modified accrual basis of accounting.

Note 2. Loans Outstanding
At June 30, 2013, there was an outstanding balance of \$7,313,392 on 09-224 State Revolving Loan Fund. There were additions of \$1,321,205 payments of \$186,728 and debt forgiveness of \$5,000,000 to the State Revolving Loan Fund during the current fiscal year.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Reserve, Receipts and Disbursements
for State Street Aid
For the Year Ended June 30, 2013

State Street Aid		
Beginning Reserve for State Street Aid	\$	-
Receipts		
Gas Taxes	441,617	
Total Receipts	<u>441,617</u>	441,617
Expenditures		
Street Lights	113,358	
Street Maintenance	78,154	
Street Paving	-	
Long-term Debt	-	
Capital Improvements	<u>-</u>	
		<u>191,512</u>
Ending Reserve for State Street Aid		<u><u>250,105</u></u>

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Long-Term Debt, Principal, and Interest Requirements
By Fiscal Year
6/30/2013

Fiscal Year Ended June 30,	Governmental Activities									
	General Obligation Refunding Bond, Series 2012		2013 Municipal Leasing Consultants Equipment Lease		General Obligation Refunding Bond, Series 2011		2010 DivLend Equipment Lease		2012 Stringfellow, Inc. Equipment Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	110,000	77,941	245,353	24,552	17,993	2,724	35,681	9,141	21,933	4,119
2015	120,000	68,855	250,241	19,669	18,628	2,165	(89)	-	23,228	2,824
2016	125,000	65,055	255,221	14,689	19,051	1,594	-	-	24,599	1,452
2017	130,000	61,305	260,300	9,810	19,475	1,178	-	-	-	-
2018	130,000	57,405	110,190	4,429	20,321	533	-	-	-	-
2019	135,000	53,505	112,358	2,237	13,335	-	-	-	-	-
2020	140,000	50,805	-	-	-	-	-	-	-	-
2021	140,000	48,005	-	-	-	-	-	-	-	-
2022	145,000	45,205	-	-	-	-	-	-	-	-
2023	145,000	42,305	-	-	-	-	-	-	-	-
2024	150,000	39,405	-	-	-	-	-	-	-	-
2025	150,000	36,405	-	-	-	-	-	-	-	-
2026	155,000	33,405	-	-	-	-	-	-	-	-
2027	160,000	30,305	-	-	-	-	-	-	-	-
2028	160,000	26,905	-	-	-	-	-	-	-	-
2029	165,000	23,225	-	-	-	-	-	-	-	-
2030	170,000	19,100	-	-	-	-	-	-	-	-
2031	175,000	14,850	-	-	-	-	-	-	-	-
2032	180,000	10,038	-	-	-	-	-	-	-	-
2033	185,000	5,088	-	-	-	-	-	-	-	-
Total	\$ 2,970,000	\$ 808,911	\$ 1,233,662	\$ 75,185	\$ 108,803	\$ 8,195	\$ 35,592	\$ 9,141	\$ 69,760	\$ 8,395

Fiscal Year Ended June 30,	Governmental Activities									
	2012 Ford Motor Equipment Lease		2012 Ford Motor Equipment Lease		2012 Ford Motor Equipment Lease		2012 Ford Motor Equipment Lease		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	30,313	1,819	9,642	627	9,784	636	7,273	473	487,971	122,031
2015	-	-	-	-	-	-	-	-	412,007	93,313
2016	-	-	-	-	-	-	-	-	423,871	82,790
2017	-	-	-	-	-	-	-	-	409,774	72,093
2018	-	-	-	-	-	-	-	-	260,511	62,368
2019	-	-	-	-	-	-	-	-	260,693	55,742
2020	-	-	-	-	-	-	-	-	140,000	50,805
2021	-	-	-	-	-	-	-	-	140,000	48,005
2022	-	-	-	-	-	-	-	-	145,000	45,205
2023	-	-	-	-	-	-	-	-	145,000	42,305
2024	-	-	-	-	-	-	-	-	150,000	39,405
2025	-	-	-	-	-	-	-	-	150,000	36,405
2026	-	-	-	-	-	-	-	-	155,000	33,405
2027	-	-	-	-	-	-	-	-	160,000	30,305
2028	-	-	-	-	-	-	-	-	160,000	26,905
2029	-	-	-	-	-	-	-	-	165,000	23,225
2030	-	-	-	-	-	-	-	-	170,000	19,100
2031	-	-	-	-	-	-	-	-	175,000	14,850
2032	-	-	-	-	-	-	-	-	180,000	10,038
2033	-	-	-	-	-	-	-	-	185,000	5,088
Total	\$ 30,313	\$ 1,819	\$ 9,642	\$ 627	\$ 9,784	\$ 636	\$ 7,273	\$ 473	\$ 4,474,828	\$ 913,381

Fiscal Year Ended June 30,	Business-type Activities								Total	
	SRL 2010 \$12.5 Million Loan		General Obligation Refunding Bond, Series 2011		2013 Municipal Leasing Consultants Equipment Lease		Total Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	289,658	204,091	407,007	61,626	46,740	4,677	743,405	270,394	1,231,376	392,425
2015	298,111	195,638	421,372	48,985	47,665	3,746	767,148	248,369	1,179,155	341,683
2016	306,811	186,938	430,949	36,056	48,613	2,798	786,373	225,792	1,210,244	308,582
2017	315,765	177,984	440,525	26,647	49,581	1,830	805,871	206,461	1,215,645	278,554
2018	324,980	168,769	459,679	12,067	20,988	844	805,647	181,680	1,066,158	244,048
2019	334,464	159,285	301,666	-	21,426	426	657,556	159,711	918,250	215,453
2020	344,224	149,524	-	-	-	-	344,224	149,524	484,224	200,329
2021	354,270	139,479	-	-	-	-	354,270	139,479	494,270	187,484
2022	364,609	129,140	-	-	-	-	364,609	129,140	509,609	174,345
2023	375,249	118,500	-	-	-	-	375,249	118,500	520,249	160,805
2024	386,200	107,549	-	-	-	-	386,200	107,549	536,200	146,954
2025	397,471	96,278	-	-	-	-	397,471	96,278	547,471	132,683
2026	409,070	84,679	-	-	-	-	409,070	84,679	564,070	118,084
2027	421,008	72,741	-	-	-	-	421,008	72,741	581,008	103,046
2028	433,295	60,454	-	-	-	-	433,295	60,454	593,295	87,359
2029	445,939	47,809	-	-	-	-	445,939	47,809	610,939	71,034
2030	458,953	34,795	-	-	-	-	458,953	34,795	628,953	53,895
2031	472,347	21,402	-	-	-	-	472,347	21,402	647,347	36,252
2032	486,132	7,617	-	-	-	-	486,132	7,617	666,132	17,655
2033	94,836	-	-	-	-	-	94,836	-	279,836	5,088
Total	\$ 7,313,392	\$ 2,162,672	\$ 2,461,198	\$ 185,381	\$ 235,014	\$ 14,321	\$ 10,009,604	\$ 2,362,374	\$ 14,484,432	\$ 3,275,755

See independent auditors' report.

CITY OF GOODLETTSVILLE, TENNESSEE
Schedule of Property Tax Rates and Assessments
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Tax Rate Per \$100 Davidson</u>	<u>Tax Rate Per \$100 Sumner</u>	<u>Realty Tax Levy</u>
2013	2012	0.87	0.87	\$ 4,317,671
2012	2011	.6338	.6338	3,137,842
2011	2010	.6338	.6338	3,117,133
2010	2009	.6338	.6338	3,085,580
2009	2008	.66	.66	2,887,879
2008	2007	.66	.66	2,840,113
2007	2006	.64	.69	2,689,509
2006	2005	.70	.66	2,615,245
2005	2004	.70	.66	2,582,866
2004	2003	.70	.66	2,589,828

See independent auditors' report.

Statistical Section

CITY OF GOODLETTSVILLE, TENNESSEE
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City of Goodlettsville
Financial Trends Information
Net Assets by Component-Last Ten Fiscal Years
(prepared using the accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Investment in capital assets, net of related debi	12,610,316	12,700,060	12,430,012	12,471,317	12,003,926	12,726,830	12,294,327	11,896,924	11,678,308	11,437,421
Restricted for:										
State Street Aid	345,945	369,853	384,604	359,790	322,662	104,943	29,752	53,880	-	250,105
Conference Drive	533,827	-	-	-	-	-	-	600,202	600,911	-
Drug Fund	-	-	-	12,264	2,913	17,100	(5,733)	-	-	5,593
Tourism	227,167	80,208	177,155	343,259	510,371	707,413	832,935	802,736	963,510	518,561
Solid Waste Fund	-	-	-	-	-	-	-	-	-	194,833
Other Purposes	2,442	-	-	-	-	-	-	-	-	98,234
Unrestricted	1,643,828	2,773,083	2,553,398	2,443,297	1,885,139	1,484,644	1,878,211	1,526,506	3,033,833	5,462,298
Total Net Assets	15,363,525	15,923,204	15,545,169	15,629,927	14,725,011	15,040,930	15,029,492	14,880,248	16,276,562	17,967,045
Business Type Activities										
Investment in capital assets, net of related debi	14,992,034	14,884,800	15,122,632	17,149,036	17,599,243	17,813,801	17,808,778	18,953,282	18,953,282	22,302,641
Restricted for:										
State Street Aid	-	-	-	-	-	-	-	-	-	-
Conference Drive	-	-	-	-	-	-	-	-	-	-
Drug Fund	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,364,172	4,999,227	5,324,198	4,553,595	4,343,604	4,145,918	4,390,079	3,422,731	4,951,012	7,695,108
Total Net Assets	19,356,206	19,884,027	20,446,830	21,702,631	21,942,847	21,959,719	22,198,857	22,376,013	23,904,294	29,997,749
Primary Government										
Investment in capital assets, net of related debi	27,602,350	27,584,860	27,552,644	29,620,353	29,603,169	30,540,631	30,103,105	30,850,206	30,631,590	33,740,062
Restricted for:										
State Street Aid	345,945	369,853	384,604	359,790	322,662	104,943	29,752	53,880	-	250,105
Conference Drive	533,827	-	-	-	-	-	-	600,202	600,911	-
Drug Fund	-	-	-	12,264	2,913	17,100	(5,733)	-	-	5,593
Tourism	227,167	80,208	177,155	343,259	510,371	707,413	832,935	802,736	963,510	518,561
Solid Waste Fund	-	-	-	-	-	-	-	-	-	194,833
Other Purposes	2,442	-	-	-	-	-	-	-	-	98,234
Unrestricted	6,008,000	7,772,310	7,877,596	6,996,892	6,228,743	5,630,562	6,268,290	4,949,237	7,984,845	13,157,406
Total Net Assets	34,719,731	35,807,231	35,991,999	37,332,558	36,667,858	37,000,649	37,228,349	37,256,261	40,180,856	47,964,794

See independent auditors' report.

City of Goodlettsville
Financial Trends Information
Changes in Net Assets-Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
General government	3,081,499	3,469,208	3,708,549	2,342,184	2,952,980	3,084,557	2,885,572	3,441,250	3,320,663	2,752,406
Public Safety	3,242,800	3,424,869	3,764,760	5,145,295	5,363,001	5,113,792	5,339,890	5,502,153	5,663,684	5,706,302
Public Works	734,017	806,274	1,152,245	1,104,566	1,214,839	1,216,964	1,142,901	1,245,971	1,053,706	1,272,691
Sanitation	693,507	741,445	757,549	776,246	754,109	755,411	751,294	845,076	863,007	702,779
Parks and recreation	920,266	1,024,914	1,084,657	1,476,666	1,542,379	1,589,483	1,251,512	1,313,301	1,291,967	1,424,710
Tourism	451,531	361,615	322,200	309,084	289,944	173,820	270,514	323,864	383,334	509,145
Tornado Relief	-	-	423,344	128,001	3,646	-	-	-	-	-
Stormwater Utility	-	-	-	-	-	-	-	-	-	97,702
Interest expense on long term debt	67,254	53,733	53,422	52,857	69,465	56,429	60,363	40,026	32,329	42,212
Total governmental activities expenses	9,190,874	9,882,058	11,266,726	11,334,899	12,190,363	11,990,456	11,702,046	12,711,641	12,608,690	12,507,947
Business-Type Activities										
Sewer	2,628,073	2,662,971	2,956,179	2,945,012	3,116,698	3,381,879	3,746,237	4,264,052	3,380,407	4,173,995
Total business-type activities expenses	2,628,073	2,662,971	2,956,179	2,945,012	3,116,698	3,381,879	3,746,237	4,264,052	3,380,407	4,173,995
Total primary government expenses	11,818,947	12,545,029	14,222,905	14,279,911	15,307,061	15,372,335	15,448,283	16,975,693	15,989,097	16,681,942
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	17,060	76,137	14,695	412,791	419,824	243,585	221,549	236,453	137,127	197,237
Public Safety	238,513	207,869	185,047	248,452	418,263	374,942	331,612	249,802	377,653	450,102
Public Works	137,946	150,202	197,171	70,931	26,644	11,000	28,647	30,822	4,500	2,100
Sanitation	10,875	16,200	15,825	12,280	13,747	750,628	755,567	822,711	801,298	764,672
Parks and recreation	194,409	214,795	222,322	217,378	255,952	251,078	250,796	249,439	271,804	251,980
Tourism	51,024	48,292	49,790	46,833	39,415	19,813	26,643	26,112	24,315	26,572
Stormwater Utility	-	-	-	-	-	-	-	-	-	195,936
Operating Grants and Contributions	60,865	134,080	472,132	587,464	580,549	451,559	535,204	467,800	473,505	546,390
Capital Grants and Contributions	-	-	-	-	-	726,750	83,578	314,946	1,492,334	163,772
Total governmental activities program revenues	710,692	847,575	1,156,982	1,596,129	1,754,394	2,829,355	2,233,596	2,398,085	3,582,536	2,598,761
Business-Type Activities										
Charges for Services:										
Sewer	3,091,154	2,980,866	3,291,138	3,244,761	3,213,085	3,309,267	3,931,217	4,493,710	4,972,421	5,111,824
Capital Grants and Contributions	-	115,107	123	-	-	-	-	-	-	-
Total business-type activities program revenues	3,091,154	3,095,973	3,291,261	3,244,761	3,213,085	3,309,267	3,931,217	4,493,710	4,972,421	5,111,824
Total primary government program revenues	3,801,846	3,943,548	4,448,243	4,840,890	4,967,479	6,138,622	6,164,813	6,891,795	8,554,957	7,710,585
Net (Expense)/Revenue										
Governmental Activities	(8,480,182)	(9,034,483)	(10,109,744)	(9,738,770)	(10,435,969)	(9,161,101)	(9,468,450)	(10,313,556)	(9,026,154)	(9,909,186)
Business-Type Activities	463,081	433,002	335,082	299,749	96,387	(72,612)	184,980	229,658	1,592,014	937,829
Total primary government net expense	(8,017,101)	(8,601,481)	(9,774,662)	(9,439,021)	(10,339,582)	(9,233,713)	(9,283,470)	(10,083,898)	(7,434,140)	(8,971,357)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property and Personalty Taxes	2,612,459	2,647,157	2,718,140	2,858,107	2,887,839	2,941,434	3,085,580	3,117,133	3,137,842	4,317,671
Income Taxes	69,288	51,182	58,929	87,277	148,558	181,943	162,379	291,630	248,490	154,168
Sales Taxes	4,638,624	5,031,285	5,095,626	4,850,810	4,926,136	4,629,297	208,520	98,458	112,017	5,015,288
Alcoholic Beverage Taxes	560,972	564,025	585,423	603,514	658,151	641,687	4,468,555	4,934,557	5,023,136	710,163
TVA-In Lieu of Taxes	-	-	-	-	88,596	55,504	645,542	658,616	687,506	282,786
Business Taxes	321,267	338,095	319,008	390,419	360,501	346,151	312,670	341,693	338,337	380,080
Hospitality Taxes	320,471	334,639	353,144	393,689	384,460	329,861	342,195	443,718	523,124	546,679
Miscellaneous State Taxes	513,504	531,669	531,184	136,039	144,599	155,243	4,710	4,014	5,813	8,183
Unrestricted Investment Earnings	16,982	38,934	92,994	156,780	110,367	26,318	8,444	9,127	8,651	15,013
Insurance Recoveries and Gain on Disposal of Capital Assets	-	-	-	245,789	31,888	-	110,221	98,308	195,157	2,680
Miscellaneous	60,912	57,178	36,277	20,322	52,472	91,754	30,664	28,806	32,315	16,372
Transfers, Net	-	-	-	80,784	80,784	77,829	77,529	105,359	110,083	150,586
Total governmental activities	9,114,479	9,594,164	9,790,725	9,823,530	9,874,351	9,477,021	9,457,009	10,131,419	10,422,471	11,599,669
Business-Type Activities										
Investment Earnings	38,377	84,344	217,722	271,593	174,078	54,396	22,915	23,384	18,350	25,996
Insurance Recoveries and Gain on Disposal of Capital Assets	-	-	-	717,564	-	66,691	-	-	-	-
Miscellaneous	10,000	10,475	10,000	47,680	50,534	46,225	24,834	29,473	28,000	280,216
Transfers, Net	-	-	-	(80,784)	(80,784)	(77,829)	(77,529)	(105,359)	(110,083)	(150,586)
Extraordinary Items	-	-	-	-	-	-	-	-	-	5,000,000
Total business-type activities	48,377	94,819	227,722	956,053	143,828	89,483	(29,780)	(52,502)	(63,733)	5,155,626
Total primary government	9,162,856	9,688,983	10,018,447	10,779,583	10,018,179	9,566,504	9,427,229	10,078,917	10,358,738	16,755,295
Change in Net Assets										
Governmental Activities	634,297	559,681	(319,019)	84,760	(561,618)	315,920	(11,441)	(182,137)	1,396,317	1,690,483
Business-Type Activities	511,458	527,821	562,804	1,255,802	240,215	16,871	155,200	177,156	1,528,281	6,093,455
Total primary government	1,145,755	1,087,502	243,785	1,340,562	(321,403)	332,791	143,759	(4,981)	2,924,598	7,783,938

City of Goodlettsville
Financial Trends Information

Fund Balances, Governmental Funds, Last Ten Years
(prepared using the modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Funds:										
General Fund										
Reserved	-	-	-	1,441,289	1,450,846	1,462,424	1,310,645	1,116,808	471,609	597,102
Unreserved and undesignated	-	-	-	2,536,110	1,863,214	1,613,316	2,107,259	2,011,185	2,970,126	1,843,834
Nonspendable	154,732	187,562	107,846	-	-	-	-	-	-	-
Restricted	250,105	600,911	654,082	-	-	-	-	-	-	-
Committed	494,462	288,552	417,825	-	-	-	-	-	-	-
Assigned	2,498,074	501,462	500,830	-	-	-	-	-	-	-
Unassigned	4,625,329	1,986,638	2,032,259	-	-	-	-	-	-	-
Total General Fund	8,022,702	3,565,125	3,712,842	3,977,399	3,314,060	3,075,740	3,417,904	3,127,993	3,441,735	2,440,936
All Other Governmental Funds										
Reserved for Special Revenue Funds	-	-	-	103,983	17,904	(16,376)	19,426	(6,829)	29,374	25,146
Reserved for Capital Projects Funds	-	-	-	-	-	-	-	-	-	526,487
Unreserved reported in Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Unreserved reported in Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Restricted reported in Special Revenue Funds	906,178	931,263	1,067,565	-	-	-	-	-	-	-
Restricted reported in Capital Projects Fund	28,628	(163,938)	-	-	-	-	-	-	-	-
Total all other governmental funds	934,806	767,325	1,067,565	103,983	17,904	(16,376)	19,426	(6,829)	29,374	551,633
Total	8,957,508	4,332,450	4,780,407	4,081,382	3,331,964	3,059,364	3,437,330	3,121,164	3,471,109	2,992,569

*In 2011 the classifications of fund balance have been changed to reflect the implementation of GASB 54.

City of Goodlettsville
Financial Trends Information
Changes in Fund Balances, Governmental Funds, Last Ten Years

(prepared using the modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local Taxes	9,358,808	8,178,409	8,210,565	7,642,524	7,901,636	8,182,818	7,985,827	8,113,879	8,113,960	7,579,721
Licenses and Permits	196,576	104,264	238,258	158,204	210,480	448,773	187,990	145,156	145,156	133,375
Fines	383,982	314,991	221,503	303,867	276,741	341,525	204,265	143,754	180,175	204,473
Drug and Gambling Revenue	17,185	29,038	27,312	23,127	56,070	32,936	22,810	19,190	16,972	26,562
Intergovernmental Revenues	2,022,271	1,972,315	2,024,861	1,999,777	2,539,936	1,858,423	1,944,912	1,489,740	1,440,874	1,456,865
Charges for Services	1,276,304	1,108,487	1,091,767	1,037,406	1,197,771	512,939	452,957	428,514	409,227	285,418
Hotel/Motel Taxes	442,943	426,303	362,354	272,081	-	-	-	-	-	-
Interest	2,554	3,771	1,080	-	-	-	-	-	-	-
Miscellaneous Revenues	33,394	46,083	75,457	65,870	119,546	162,839	177,102	215,655	82,993	85,119
Total Revenues	13,734,017	12,183,661	12,253,157	11,502,856	12,302,180	11,508,744	11,236,646	10,598,722	10,389,357	9,771,533
Expenditures:										
Current:										
General Government	2,571,592	2,750,629	2,525,674	2,324,676	2,368,115	2,707,055	2,028,209	3,549,871	3,362,309	3,006,366
Public Safety	5,194,172	5,006,644	5,039,840	4,862,765	4,768,967	4,993,285	4,818,828	3,439,874	3,150,734	2,941,933
Public Works	940,156	940,662	969,315	960,243	46,980	27,696	31,452	29,299	20,597	520,401
Solid Waste	823,067	803,679	773,941	702,062	940,758	936,374	853,306	661,084	605,307	566,130
Drug Fund	14,125	238,232	36,676	45,960	715,511	686,556	689,125	640,079	608,587	12,131
Parks and Recreation	1,250,466	1,227,117	1,248,625	1,218,791	1,367,782	1,317,488	1,249,166	895,147	837,222	733,206
Storm Expenditures	97,702	34,415	131,648	57,937	-	34,663	128,001	423,344	-	-
Tourism	422,642	330,259	286,989	243,412	203,219	298,798	309,084	331,935	359,825	455,657
Debt Service-Principal	435,381	391,465	616,030	477,341	404,484	450,845	524,281	510,720	469,854	462,425
Debt Service-Interest	31,839	32,951	55,135	60,784	61,195	59,439	6,210	48,825	55,963	63,427
Capital Outlay	2,484,254	2,015,897	456,563	734,701	1,230,399	1,045,704	1,315,062	552,986	624,745	944,860
Total expenditures	14,265,396	13,771,950	12,140,436	11,688,672	12,107,410	12,557,853	11,952,724	11,087,164	10,095,143	9,706,536
Excess of revenues over (under) expenditures	(531,379)	(1,588,289)	112,721	(185,816)	194,770	(1,049,109)	(716,078)	(488,442)	294,214	64,997
Other Financing Sources & Uses:										
Contributions and grants	230,334	444,797	-	-	-	5,513	64,357	11,000	50,000	2,136
Bonds, notes, and leases	4,476,411	287,766	152,205	271,818	-	552,957	630,500	174,972	121,204	233,058
Operating transfers	251,813	174,629	105,359	77,529	77,829	80,784	80,784	-	-	-
Sale of capital assets	195,199	37,982	24,988	-	-	-	44,680	11,541	13,122	53,712
Insurance recoveries	2,680	195,157	98,308	585,889	-	31,888	211,924	-	-	-
Total other financing sources (uses)	5,156,437	1,140,331	380,860	935,236	77,829	671,142	1,032,245	197,513	184,326	288,906
Special Item	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	4,625,058	(447,958)	493,581	749,420	272,599	(377,967)	316,167	(290,929)	478,540	353,903
Debt Service as % of noncapital expenditures	3.97%	3.61%	5.74%	4.91%	4.28%	4.43%	4.99%	5.31%	5.55%	6.00%

City of Goodlettsville
Revenue Capacity Information
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Years

Tax Year	Fiscal Year	Tangible/					Public Utility Property	Total Assessed Value	Total Direct Tax Rate *	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value
		Commercial/Industrial	Residential	Farm/Other Property	Intangible Personal Property	Property					
2012	2013	219,888,933	229,427,882	4,655,626	30,127,424	12,310,088	496,409,953	\$0.8700	1,628,807,560	30.48%	
2011	2012	221,226,526	227,294,125	3,936,138	30,458,619	12,259,342	495,174,750	\$0.6338	1,609,404,205	30.77%	
2010	2011	205,653,793	225,728,300	4,226,638	29,001,494	11,237,135	475,847,360	\$0.6338	1,555,073,926	30.60%	
2009	2010	202,357,510	220,925,750	4,334,571	30,430,300	11,239,157	469,287,288	\$0.6338	1,541,665,322	30.44%	
2008	2009	187,204,849	203,118,150	3,925,734	25,694,001	10,322,789	430,265,523	\$0.6600	1,588,197,466	27.09%	
2007	2008	183,076,639	198,681,550	4,062,584	30,391,174	10,507,862	426,719,809	\$0.6600	1,508,134,675	28.29%	
2006	2007	180,360,856	193,251,675	4,168,134	30,252,913	11,769,111	419,802,689	\$0.6400	1,368,386,873	30.68%	
2005	2006	178,327,103	173,458,650	4,516,609	30,188,626	11,985,005	398,475,993	\$0.7000	1,322,043,065	30.14%	
2004	2005	161,165,718	161,106,025	4,400,416	26,156,335	11,367,978	364,196,472	\$0.7000	1,221,999,646	29.80%	
2003	2004	160,172,908	157,175,425	4,341,816	26,373,131	11,675,484	359,738,764	\$0.7000	1,204,272,008	29.87%	

* per \$100 of assessed valuation

City of Goodlettsville
Revenue Capacity Information
Direct and Overlapping Property Tax Rates, Last Ten Years

Fiscal Year	Levy Year	Direct Rate*		Overlapping Rates**		Total	
		Sumner City	Davidson City	Sumner County	Davidson County	Sumner City	Davidson City
2004	2003	\$ 0.6600	\$ 0.7000	\$ 2.5900	\$ 3.8400	\$ 3.2500	\$ 4.5400
2005	2004	\$ 0.6600	\$ 0.7000	\$ 2.5900	\$ 4.0400	\$ 3.2500	\$ 4.7400
2006	2005	\$ 0.6600	\$ 0.7000	\$ 2.5900	\$ 4.0400	\$ 3.2500	\$ 4.7400
2007	2006	\$ 0.6900	\$ 0.6400	\$ 2.2800	\$ 4.0400	\$ 2.9700	\$ 4.6800
2008	2007	\$ 0.6600	\$ 0.6600	\$ 2.2800	\$ 4.0400	\$ 2.9400	\$ 4.7000
2009	2008	\$ 0.6600	\$ 0.6600	\$ 2.2800	\$ 4.0400	\$ 2.9400	\$ 4.7000
2010	2009	\$ 0.6338	\$ 0.6338	\$ 2.0208	\$ 3.5600	\$ 2.6546	\$ 4.1938
2011	2010	\$ 0.6338	\$ 0.6338	\$ 2.0208	\$ 3.5600	\$ 2.6546	\$ 4.1938
2012	2011	\$ 0.6338	\$ 0.6338	\$ 2.0208	\$ 3.5600	\$ 2.6546	\$ 4.1938
2013	2012	\$ 0.8700	\$ 0.8700	\$ 2.0208	\$ 4.0400	\$ 2.8908	\$ 4.9100

Source-County Tax Assessor

Levied per \$100 of assessed value

*Property tax rate within the City may differ by County

** Property tax rate levied on County Property within the City

City of Goodlettsville
Revenue Capacity Information
Principal Property Taxpayers, Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Total Assessed Value	Rank	Percent of Total Assessed Value	Total Assessed Value	Rank	Percent of Total Assessed Value
Dollar General	42,241,207	1	2.77%			
Realty Assoc Iowa Corp	26,285,100	2	1.72%			
Rivergate Mall	25,655,700	3	1.68%			
KC Investors	22,883,900	4	1.50%			
Preston Run Apts	21,081,300	5	1.38%			
IBP/Tyson	20,382,750	6	1.33%			
Piccadilly	19,614,100	7	1.28%			
Lenoxgate	17,160,000	8	1.12%			
United Fidelity Bank and Pedcor	11,121,200	9	0.73%			
Armed Services Mutual Benefit	8,924,300	10	0.58%			
Totals	215,349,557		14.10%	-		-
Total Assessed Value	1,527,398,598					

Source: City Tax Rolls

City of Goodlettsville
Revenue Capacity Information
Property Tax Levies and Collections, Last Ten Fiscal Years

Fiscal Year Levy Year	Total Tax Levy	Current		Percent Collected	Delinquent Tax Collections		Total Collections	Total		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
		Tax Collections	Percent Collected		Tax Collections	Collected as Percent of Current Levy					
* 2004	2,589,828	2,586,282	99.86%	-	2,586,282	3,546	99.86%	3,546	0.14%		
* 2005	2,582,866	2,551,930	98.80%	-	2,551,930	30,936	98.80%	30,936	1.20%		
2006	2,689,609	2,489,396	92.56%	172,842	2,662,238	27,371	98.98%	27,371	1.02%		
2007	2,840,113	2,751,356	96.87%	86,133	2,837,489	2,624	99.91%	2,624	0.09%		
2008	2,887,879	2,653,397	91.88%	231,128	2,884,525	3,354	99.88%	3,354	0.12%		
2009	2,887,879	2,827,316	97.90%	45,993	2,873,309	14,570	99.50%	14,570	0.50%		
2010	3,085,580	2,946,791	95.50%	111,807	3,058,598	26,982	99.13%	26,982	0.87%		
2011	3,117,133	2,960,454	94.97%	111,082	3,071,536	45,597	98.54%	45,597	1.46%		
2012	3,126,381	2,977,789	95.25%	67,473	3,045,262	81,119	97.41%	81,119	2.59%		
2013	4,333,550	4,167,047	96.16%	-	4,167,047	166,503	96.16%	166,503	3.84%		

* Breakdown between current year collections and delinquent collections is unavailable.

City of Goodlettsville
Revenue Capacity Information
Local Sales Tax Collections, Last Ten Fiscal Years

Fiscal Year	Total Remittances From State *	City Direct Rate	County Rate**	Local Tax Rate	State Tax Rate	Total Tax Rate
2004	\$ 3,737,643	1.125%	1.125%	2.25%	7.00%	9.25%
2005	4,231,725	1.125%	1.125%	2.25%	7.00%	9.25%
2006	4,179,327	1.125%	1.125%	2.25%	7.00%	9.25%
2007	3,813,886	1.125%	1.125%	2.25%	7.00%	9.25%
2008	3,874,468	1.125%	1.125%	2.25%	7.00%	9.25%
2009	3,656,330	1.125%	1.125%	2.25%	7.00%	9.25%
2010	3,528,506	1.125%	1.125%	2.25%	7.00%	9.25%
2011	3,952,584	1.125%	1.125%	2.25%	7.00%	9.25%
2012	3,953,658	1.125%	1.125%	2.25%	7.00%	9.25%
2013	3,919,097	1.125%	1.125%	2.25%	7.00%	9.25%

*Remittances above represent the City's portion of the Local Option Sales Tax collections

**The county rate for both Sumner County and Davidson County has been the same for the past ten years

City of Goodlettsville, Tennessee
Revenue Capacity Information
Local Sales Tax Revenue by Industry, Principal Employers, Fiscal Years 2004 and 2013

Sector	Fiscal Year 2004			Fiscal Year 2013			
	Number of Filers	% of Total	Tax Liability	Number of Filers	% of Total	Tax Liability	% of Total
1 Retail Trade	394	60.80%	\$5,879,552	314	56.07%	\$5,432,837	80.72%
2 Services	144	22.22%	\$501,064	136	24.29%	\$569,796	8.47%
3 Manufacturing	44	6.79%	\$163,344	32	5.71%	\$143,295	2.13%
4 Wholesale Trade	42	6.48%	\$200,989	32	5.71%	\$222,858	3.31%
5 Construction	5	0.77%	\$27,236	5	0.89%	\$46,901	0.70%
6 Finance Insurance Real Estate							
7 Transportation and Utilities	4	0.62%	\$21,696	7	1.25%	\$30,998	0.46%
8 Agriculture							
9 Other, Non Classified	8	1.23%	\$22,107	30	5.36%	\$196,109	2.91%
Total	648	100.00%	\$6,823,993	560	100.00%	\$6,730,106	100.00%

Source: Tennessee Department of Revenue, Research Section

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by taxpayers during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in Transportation and Utilities.
4. Does not include Goodlettsville share of county clerk or out-of-state taxpayer amounts.

City of Goodlettsville
 Revenue Capacity Information
 Local Taxable Sales by Category, Last Ten Calendar Years

Category	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1 Apparel Stores	\$17,678,761	\$20,900,253	\$23,638,422	\$18,202,400	\$14,501,849	\$13,937,126	\$11,177,219	\$13,091,318	\$15,453,478	\$14,034,012
2 General Merchandise Stores	\$81,859,277	\$78,057,588	\$73,690,657	\$73,426,296	\$70,321,287	\$61,059,296	\$56,717,443	\$57,495,030	\$56,713,043	\$52,234,437
3 Food Stores	\$45,094,066	\$45,218,882	\$45,715,959	\$47,598,732	\$56,340,607	\$59,599,667	\$58,652,022	\$59,847,661	\$63,667,049	\$66,800,404
4 Eating and Drinking Places	\$41,301,257	\$42,625,545	\$40,789,164	\$42,284,576	\$42,998,737	\$42,269,392	\$41,159,929	\$42,109,529	\$42,673,201	\$43,794,512
5 Furniture Stores	\$12,858,502	\$16,161,019	\$17,105,900	\$20,164,197	\$20,715,070	\$20,779,124	\$16,149,990	\$16,371,262	\$15,505,792	\$16,169,382
6 Building Materials	\$11,940,902	\$15,431,966	\$15,725,822	\$15,991,172	\$3,268,267	\$2,227,767	\$2,379,458	\$1,401,986	\$1,043,947	\$958,844
7 MV Dealers and Service Stations	\$15,060,851	\$15,985,092	\$16,225,095	\$15,714,833	\$12,869,674	\$11,958,492	\$12,554,851	\$14,263,250	\$13,658,966	\$14,107,079
8 Other Retail	\$26,909,044	\$29,458,158	\$33,049,249	\$34,992,658	\$33,475,928	\$30,593,859	\$25,638,895	\$26,709,519	\$31,428,412	\$29,801,699
9 All Other Outlets	\$39,463,473	\$47,045,650	\$52,381,933	\$54,825,634	\$53,226,202	\$45,636,755	\$39,655,013	\$50,722,679	\$58,612,437	\$57,085,973
Total	\$292,166,133	\$310,884,153	\$318,322,201	\$323,200,498	\$307,717,621	\$288,061,478	\$264,084,820	\$282,012,234	\$298,756,325	\$294,986,342

Source: Department of Revenue, Research Section

Note: Figures subject to revision due to amended taxpayer returns.

CITY OF GOODLETTSVILLE, TENNESSEE
Utility Rate Structure and Number of Customers
For the Year Ended June 30, 2013

The City of Goodlettsville's Sewer Fund had approximately 4,365 customers at June 30, 2013. Its rate structure was as follows:

Residential	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	10.45
3/4"	29.67
1"	35.74
1 1/2"	52.53
2"	70.74
3"	93.35
4"	152.12
6"	238.86
8"	373.54
10"	373.54

Small Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	11.68
3/4"	33.23
1"	40.02
1 1/2"	58.84
2"	79.23
3"	104.54
4"	170.36
6"	267.53
8"	418.37
10"	418.37

Usage over 200
Cubic Feet 6.50 per 100 cu.ft.

Usage over 200
Cubic Feet 7.27 per 100 cu.ft.

Intermediate Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	38.26
3/4"	54.26
1"	59.44
1 1/2"	73.82
2"	90.17
3"	112.86
4"	178.64
6"	275.81
8"	429.34
10"	429.34

Large Commercial and Industrial	
<i>(Minimum Charges per Month up to 200 Cubic Feet Usage)</i>	
Meter Size	Rate (\$)
5/8"	1,476.63
3/4"	1,492.59
1"	1,497.78
1 1/2"	1,512.14
2"	1,528.50
3"	1,542.86
4"	1,608.72
6"	1,705.88
8"	1,867.69
10"	1,867.69

Usage over 200
Cubic Feet 3.43 per 100 cu.ft.

Usage over 200
Cubic Feet 4.48 per 100 cu.ft.

The City also had approximately 4,483 Solid waste customers at June 30, 2013 that are charged \$13/month per residential living unit.

City of Goodlettsville
Debt Capacity Information
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Fiscal Year	Population	Governmental Activities				Business-Type Activities				Total Primary Government	Percent of Personal Income*	Debt Per Capita
		General		Capital		General		Capital				
		Obligation Bonds	Leases	Obligation Bonds	Leases	Obligation Bonds	Leases	Obligation Bonds	Leases			
2004	13,780	1,370,000	515,612	-	-	740,861	-	5,258,256	-	7,884,729	2.49%	572
2005	13,780	1,110,000	426,961	-	-	660,000	-	4,994,567	-	7,191,528	2.27%	522
2006	14,761	840,000	367,530	-	-	585,000	-	4,718,842	-	6,511,372	1.57%	441
2007	14,761	1,225,500	126,898	-	-	510,000	-	4,454,556	-	6,316,954	1.52%	428
2008	14,761	949,600	305,879	200,000	-	430,000	-	4,153,084	-	6,338,563	1.53%	429
2009	14,761	688,810	178,710	183,336	-	340,000	-	3,812,044	-	5,477,900	1.32%	371
2010	15,921	422,930	246,946	166,667	-	230,000	-	4,625,014	-	5,941,557	1.33%	373
2011	15,921	281,730	256,333	-	-	3,400,000	-	7,722,973	-	11,661,036	2.61%	732
2012	15,921	126,584	307,780	-	-	2,863,536	-	11,178,796	-	14,476,696	3.26%	909
2013	15,921	3,078,803	1,396,025	-	-	2,461,198	235,014	7,313,392	-	14,484,432	3.26%	910

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
*See schedule 15 for personal income information

City of Goodlettsville
Debt Capacity Information
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years

Fiscal Year	Population	Total Assessed Value	General Obligation			Capital Leases	Total	Ratio of		Net Debt Per Capita
			Bonds	Capital Notes	Capital Leases			General Obligation Debt to Assessed Value	General Obligation Debt Per Capita	
2004	13,780	\$ 364,196,472	\$ 1,370,000	\$ 515,612	\$ -	\$ 1,885,612	0.52%	137		
2005	13,780	398,475,993	1,110,000	426,961	-	1,536,961	0.39%	112		
2006	14,761	419,802,689	840,000	367,530	-	1,207,530	0.29%	82		
2007	14,761	426,719,809	1,225,500	126,898	-	1,352,398	0.32%	92		
2008	14,761	430,265,523	949,600	305,879	200,000	1,455,479	0.34%	99		
2009	14,761	469,287,288	688,810	178,710	183,336	1,050,856	0.22%	71		
2010	15,921	475,847,360	422,930	246,946	166,667	836,543	0.18%	53		
2011	15,921	495,174,750	281,730	256,333	-	538,063	0.11%	34		
2012	15,921	496,409,953	126,584	307,780	-	434,364	0.09%	27		
2013	15,921	497,468,299	3,078,803	1,396,025	-	4,474,828	0.90%	281		

City of Goodlettsville
Debt Capacity Information
Direct and Overlapping Governmental Activities Debt

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City *	Amount Applicable to City *
City of Goodlettsville	\$ 14,484,432	100.00%	\$ 14,484,431
Sumner County	136,775,000	11.84%	136,775,000
Davidson County	<u>\$ 2,323,100,000</u>	2.60%	<u>\$ 2,323,100,000</u>

* Based upon Assessed Value of Property in:

Sumner County	\$4,202,394,604
Davidson County	\$19,160,522,585
City of Goodlettsville	\$497,468,299

City of Goodlettsville
Debt Capacity Information
Debt Margin Information, Last Ten Fiscal Years

Fiscal Year	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assessed Value	\$ 497,468,299.00	496,409,953	495,174,750	475,847,360	469,287,288	430,265,523	426,719,809	419,802,689	398,475,993	364,196,472
General Obligation Debt	14,484,432	14,476,696	11,661,036	5,941,557	5,477,900	6,338,563	6,316,954	6,511,372	7,191,528	7,884,729
Debt as % of Assessed Value	2.91%	2.92%	2.35%	1.25%	1.17%	1.47%	1.48%	1.55%	1.80%	2.16%

Note- The City has no legal debt limit

City of Goodlettsville
Debt Capacity Information
Demographic and Economic Statistics, Last Ten Years

Year	Population	Total Personal Income	Per Capita Personal Income *	Median Age	Education Level in Years of Schooling	Davidson Unemployment Rate**
2004	13,780	316,195,880	22,946	37.00	13.15	4.6
2005	13,780	316,195,880	22,946	37.00	13.41	4.5
2006	14,761	414,311,748	28,068	37.00	13.41	4.2
2007	14,761	414,311,748	28,068	37.00	13.41	3.9
2008	14,761	414,311,748	28,068	37.00	13.41	5.5
2009	14,761	414,311,748	28,068	37.00	13.41	9.0
2010	15,921	446,870,628	28,068	39.90	13.62	8.9
2011	15,921	446,870,628	28,068	39.90	13.62	8.2
2012	15,921	444,371,031	27,911	39.90	13.62	6.6
2013	15,921	444,371,031	27,911	39.90	13.62	6.9

*Total personal income is calculated using population and per capita personal income information.

**U.S. Bureau of Labor and Statistics

City of Goodlettsville
Demographic and Economic Information
Principal Employers, Current Year and Nine Years Ago

Employer	2013			2012			2011			2010			2009			2008			
	Product/Service	Employees	Rank	Product/Service	Employees	Rank	Product/Service	Employees	Rank	Product/Service	Employees	Rank	Product/Service	Employees	Rank	Product/Service	Employees	Rank	%
Tyson Foods, Inc	Meat Packing	1,498	1	1,498	1,498	1	1,498	1,498	1	1,512	1	1,512	1,512	1	1,512	1	1,512	1	
Dollar General Corporation HDQ	Retail Distribution	1,013	2	1,013	1,013	2	1,013	1,013	2	900	2	900	900	2	900	2	900	2	
Associated Wholesale Grocers	Food Distribution	450	3	450	450	3	450	450	3	162	3	162	162	3	162	3	400	3	
USF Holland Motor Freight	Distribution	352	4	352	352	4	352	352	4	300	4	300	300	4	300	4	300	4	
Crossroads Services Group	Truck Trailers	140	5	140	140	5	140	140	5	140	5	140	140	5	140	5	-	5	
City of Goodlettsville	Government	131	6	132	132	6	139	139	6	135	6	137	137	6	139	6	139	6	
Des-Case	Filters	90	7	90	90	7													

Note: Historical data (nine years ago) is not available

City of Goodlettsville
Operating Information
Full-time Equivalent City Government by Function, Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	12	13	13	11	12	12	10	10	10	10
Community Services	6	7	7	7	7	7	6	6	6	6
Police	57	56	57	53	54	54	51	49	48	50
Fire	19	19	19	18	18	18	18	18	18	18
Hwys and Streets	14	14	14	11	11	12	12	11	11	11
Parks and Recreation	17	17	18	19	19	20	20	19	19	19
Sanitation	0	0	5	7	7	7	7	7	7	7
Sewer	6	6	6	9	9	9	8	8	8	8
Total	131	132	139	135	137	139	132	128	127	129

See Independent Auditor's Report.

City of Goodlettsville
Operating Information
Operating Indicators by Function/Program, Last Ten Fiscal Years

	Fiscal Year	
	2013	2012
Police		
Calls for Service	35,311	29,272
Traffic Accidents	935	1,200
Fire		
Calls for Service	2,713	2,651
EMS/Rescue Incidents	1,837	1,836
Structure fires	18	18
Fire Inspections	73	73
Community Services		
Total Permits Issued	99	188
Construction Plans Reviewed	12	37
Certificates of Occupancy Issued	73	33
Building Inspections	271	318

Note: Accurate historical statistical data for these indicators is not available

City of Goodlettsville
Operating Information
Capital Assets Statistics by Function/Program, Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Stations	2	1	1	1	1	1	1	1	1	1
Vehicles	53	52	*	*	*	*	*	*	*	*
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	6	6	6	6	6	5	5	5	5	5
Autos and trucks	3	3	3	3	3	3	3	3	3	3
Inflatable boat with motor	1	1	0	0	0	0	0	0	0	0
Public Works										
Streets (miles)	85	85	85	83	83	83	83	82	82	82
Traffic Signals	21	21	21	20	20	19	19	19	19	19
Parks and Recreation										
Acreage	210	205.4	205.4	205.4	205.4	205.4	185.9	185.9	185.9	185.9
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	12	12	12	12	12	12	12	12	12	12
Soccer/football fields	14	14	14	14	14	14	14	14	14	14
Dog parks	1	1	1	1	1	1	1	1	1	1
Historical sites	2	2	2	2	2	2	2	2	2	2

* Data not available

Internal Control and Compliance Section

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and the
Members of the City Commission
City of Goodlettsville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodlettsville, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Goodlettsville, Tennessee's basic financial statements and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Goodlettsville, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Goodlettsville, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Goodlettsville, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goodlettsville, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 13-1.

City of Goodlettsville, Tennessee's Response to Findings

City of Goodlettsville, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Goodlettsville, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Parker, Parker & Associates

December 12, 2013

Parker, Parker & Associates, PLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and the
Members of the City Commission
City of Goodlettsville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited City of Goodlettsville, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Goodlettsville, Tennessee's major federal programs for the year ended June 30, 2013. City of Goodlettsville, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Goodlettsville, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Goodlettsville, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Goodlettsville, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Goodlettsville, Tennessee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 13-1. Our opinion on each major federal program is not modified with respect to these matters.

City of Goodlettsville, Tennessee's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Goodlettsville, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Goodlettsville, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Goodlettsville, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Goodlettsville, Tennessee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Parker, Parker & Associates

December 12, 2013

Parker, Parker & Associates, PLC

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CITY OF GOODLETTSVILLE, TENNESSEE Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2013

Environmental Protection Agency ARRA CFDA 66.458
Environmental Protection Agency CFDA 66.458
Department of Homeland Security CFDA 97.036

Findings and Questioned Costs – Major Federal Award Program Audit – Internal Control for major program

12-1. GRANT ADJUSTMENTS

Condition: The City receives a material amount of grant funding from various federal and state agencies. Multiple departments within the City apply for, monitor and report to various grantor agencies. Each department has unique expertise to effectively oversee the grant activity for their respective functions.

Recommendation: We recommend that the City designate a single individual to prepare the SEFA as part of the year-end closing process. This individual should be responsible for having a general knowledge of each grant received by the city and how the conditions and requirement of each grant match with the cash receipts and disbursements recorded in the general ledger. We can provide you with a sample SEFA reconciliation to assist you with this process.

Current Status: Recommendations were implemented during 2012-2013. This finding has been corrected.

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City of Goodlettsville, Tennessee Schedule of Findings, Questioned Costs and Responses For the Year Ended June 30, 2013

Summary of Auditors' Results

- The auditors' report expresses an unqualified opinion on the financial statements of the City of Goodlettsville, Tennessee.
- No material weaknesses were reported during the audit of the financial statements.
- One instance of noncompliance material to the financial statements of the City of Goodlettsville, Tennessee was disclosed during the audit.
- No material weaknesses were reported during the audit of the major federal award programs.
- The auditors' report on compliance for the major federal award programs for the City of Goodlettsville, Tennessee expresses an unqualified opinion on all major federal programs.
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- The program tested as a major program included:
 - Environmental Protection Agency – ARRA CFDA 66.458 Capitalization Grants for Clean Water State Revolving Fund - Loan Forgiveness and Non-ARRA CFDA 66.458 Capitalization Grants for Clean Water State Revolving Fund - Loan.
- The threshold for distinguishing Types A and B programs was \$300,000.
- The City of Goodlettsville, Tennessee did not qualify as a low-risk auditee.

Findings- Financial Statements Audit – Internal Control

None identified

Findings- Financial Statements Audit – Compliance

13-1. BUDGET VIOLATION

Criteria: According to Tennessee Code Annotated (TCA) 6-56-203, the City is prohibited from spending money in excess of the budget ordinance within the provisions of the code section.

Condition: Actual expenditures for the year exceed budget appropriations for the various funds as indicated below.

Questioned Costs: See below.

	Budgeted Amounts		Actual	(Negative) Variance with Final
	Original	Final		
Solid Waste	753,744	803,744	855,001	(51,257)

Context: Identified as part of our audit process.

Effect: Not in compliance with state law.

Cause: The budget was not amended to absorb budget overages.

Recommendation: We recommend that the City Commission monitor budget activity monthly and amend the budget as necessary to prevent future expenditures without appropriation.

Views of Management and Planned Corrective Action: Management agrees with this finding and will amend the FY 2013 budget accordingly. Management will work diligently to ensure that any future budget overages are handled appropriately and in a timely manner.

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major programs – EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness ARRA CFDA 66.458, EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness Non-ARRA CFDA 66.458

None identified

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness ARRA CFDA 66.458, EPA, Capitalization Grants for Clean Water State Revolving Fund – Loan Forgiveness Non-ARRA CFDA 66.458

None identified

Parker, Parker & Associates

December 12, 2013

CITY OF GOODLETTSVILLE, TENNESSEE
Corrective Action Plan
For the year ended June 30, 2013

December 12, 2013

Environmental Protection Agency

The City of Goodlettsville, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2013.

Audit Firm: Parker, Parker & Associates, PLC
1000 Northchase Drive, Suite 260
Goodlettsville, TN 37072

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings: Financial Statement Audit – Internal Control

None identified

Findings: Financial Statement Audit – Compliance

13-1. BUDGET VIOLATION

Finding: Actual expenditures for the year exceed budget appropriations for the Solid Waste Fund.

Corrective Action Plan: Management agrees with this finding and will amend the FY 2013 budget accordingly. Management will work diligently to ensure that any future budget overages are handled appropriately and in a timely manner.

Target Date of Completion: January 31, 2014

Findings and Questioned Costs- Major Federal Award Program Audit – Internal Control for major program – EPA ARRA CFDA 66.458, EPA Non-ARRA CFDA 66.458, and DHS HMGP CFDA 97.039

None identified

Findings and Questioned Costs- Major Federal Award Program Audit – Compliance and Other Matters for major program - EPA ARRA CFDA 66.458, EPA Non-ARRA CFDA 66.458, and DHS HMGP CFDA 97.039

None identified.

If the Environmental Protection Agency has questions regarding this plan, please contact Mrs. Julie High at 615-851-2200.

Sincerely Yours,

Mrs. Julie High City Finance Director